Daily Report

Central Eurasia

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FBIS-SOV-95-050 *15 March 1995*

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Clinton To Ask Congress for Money for Russia, CIS States

MM1303124995 Moscow SELSKAYA ZHIZN in Russian 11 Mar 95 p 1

[ITAR-TASS report: "Administration's Intention"]

[FBIS Translated Text] President Bill Clinton's administration intends to work for the allocation of $1.5 billion by the U.S. Congress for Russia and other republics of the former Soviet Union in the new fiscal year. In addition it is planned to allocate $371 million for the dismantling of nuclear armaments in Russia, Belarus, Kazakhstan, and Ukraine. These figures were cited by administration spokesmen Thursday.

Fishing Talks With Japan Make No Progress; More Planned

OW1503013895 Tokyo KYODO in English 0041 GMT 15 Mar 95

[FBIS Transcribed Text] Moscow, March 14 KYODO—Japan and Russia failed to make progress in the first round of formal talks aimed at ensuring the safety of Japanese fishermen operating in and around the disputed islands off Hokkaido, officials said Tuesday [14 March].

Japanese negotiators said after two days of talks in Moscow that they do not expect an agreement to emerge from the exploratory phase of talks.

Their Russian counterparts agreed, saying both sides need to work hard to produce an agreement.

However, the two countries agreed to set a new date at the earliest possible opportunity for the next round of talks, officials said.

The Japanese negotiating team included officials of the Foreign Ministry, the Fisheries Agency and the Maritime Safety Agency, while the Russian group included members of the National Guard and Fisheries Committee.

Russia has called for signing an agreement on fishing rights but Japan is reluctant to do this for fear that such a pact might be interpreted as an implicit recognition of Russian sovereignty over the disputed islands off Hokkaido.

The four isles were seized by the former Soviet Union at the end of World War II. Japan has long demanded the return of what it calls its "northern territories."

Russian border guards, in an attempt to crack down on poaching, have repeatedly fired warning shots at Japanese vessels, wounding crew members in some cases. A number of Japanese fishermen have been detained in Russia on charges of poaching.

During Russian Foreign Minister Andrey Kozyrev's visit to Tokyo earlier this month, the two countries agreed to launch official negotiations on a fisheries agreement that would secure safety for Japanese fishing fleets operating in and around the disputed waters.

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ITAR-TASS Carries Press Review for 15 Mar

LD1503080495 Moscow ITAR-TASS in English 0526 GMT 15 Mar 95

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow March 15 TASS—The Russian mass media strongly responded to an incident with "an uncontrollable" missile which was fired by an attack plane SU-25 and which exploded four kilometers from the Novovoronezhskaya nuclear power plant.

This fact backstaged even the Chechen events. The TRUD newspaper describes this case as extremely dangerous. Reporting this incident, the IZVESTIYA newspaper stresses that authorities seek, as usual, to cover up truth about this emergency near the nuclear plant.

It points to the great potential danger of deploying military facilities next to nuclear stations. "The proximity of the bomb- testing grounds to the nuclear plant is really outrageous and unthinkable," the government newspaper ROSSIYISKAYA GAZETA writes.

"You can see such things only in a nightmare. But this nightmare has been lasting already for the third decade when the Novovoronezhskaya nuclear plant was built," the newspaper stresses.

The KOMSOMOLSKAYA PRAVDA daily quotes a representative from the ministry of the nuclear power industry as saying that even if the missile had hit the aim, nothing dreadful would have happened: the plant's reactors are protected securely.

The army newspaper KRASNAYA ZVEZDA limited itself to a brief report of the accident which, according to Trud, could have ended in a tragedy for the entire country.

ROSSIYISKAYA GAZETA again returns to a topic agitating the public at large over the past few months: "who and how armed General Dudayev".

On the strength on new documents printed by the newspaper, it claims that "the leadership of the Russian Army and high-ranking government officials had real possibilities to prevent the pillage of combat materiel and arms in Chechnya".

The daily points to concrete people who were duty-bound to take a decision on a withdrawal of weapons and ammunition from Chechnya.

The NEZAVISIMAYA GAZETA newspaper made an attempt to examine the social and political situation in Chechnya on the eve of "free and democratic elections". "It is useful to note, prior to this event, substantial changes which took place in the Chechen society since the dispatch of Russian troops to the republic," the newspaper writes.

"Hitherto multinational Chechnya has become a mononational republic in a relatively short period of time: emigration of Russian population with the start of combat operations there resembles an exodus".

In the newspaper's opinion, this circumstance will determine the outcome of the Chechen elections. One of "the main victors at these elections, against this background, may be Ruslan Khasbulatov causing idiosyncrasy among federal authorities", the daily claims.

In an exclusive interview with KOMSOMOLSKAYA PRAVDA, Moscow Mayor Yuriy Luzhkov confirmed his position concerning the dismissal of Moscow Police Department Chief Pankratov and Chief Prosecutor Ponomarev.

"In any case," the mayor said, "we shall both object and take active measures judicially to restore Pankratov and Ponomarev."

The ROSSIYISKIYE VESTI newspaper, close to the presidential quarters, features an article by Konstantin Melnik, a former French presidential adviser. Melnik who became a man of letters, depicted "a comparative portrait" of Boris Yeltsin and Charles De Gaulle.

"Boris Yeltsin, as well as Charles De Gaulle who made a global, vitally important choice for France, did the same for Russia." In Melnik's opinion, this circumstance brings closer the two outstanding French and Russian politicians.

The social and political research institute of the Russian Academy of Sciences carried out a sociological examination of ongoing reforms in Russia.

The PRAVDA newspaper features today the institute's abridged report "social and socio-political situation in Russia: analysis and forecast". The newspaper uses as the headline the main conclusion drawn by the institute: "express train of reforms tavels to nowhere".

Russia Halves Oil Exports to CIS Republics

LD1003134395 Moscow INTERFAX in English 1127 GMT 10 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 10 (PIA-Interfax)—In the first two months of 1995 Russia reduced to 3.1762 million tonnes, or 42% of what it exported in January and February of 1994, its oil exports to the republics of the Commonwealth of Independent States.

The Russian Ministry for Cooperation with the Commonwealth Republics tentatively puts the Russian exports of car gasoline at 140,300 tonnes, or 121% of the exports of January and February, 1994. It says, however,

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that Russia keeps reducing the export of all other fuels. It delivered 18 billion cubic meters of natural gas (69% of what it delivered in the first two months of 1994), 355,200 tonnes of diesel oil (76%) and 110,400 tonnes of fuel oil, to the Commonwealth republics.

Its main consumers among the former Soviet republics - Ukraine and Belarus - imported, respectively, 1,3416 million and 1,317 million tonnes of crude oil and 12.6 billion and 3.2 billion cubic meters of natural gas from Russia in the first two months of 1995.

Russia sold 7,800 tonnes of car gasoline, 136,000 tonnes of diesel fuel, 299,000 tonnes of crude oil and 1.4 billion cubic meters of natural gas to the Baltic republics.

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Kozyrev: Clinton Expected for Victory Day Celebrations

LD1403205195 Moscow ITAR-TASS World Service in Russian 1935 GMT 14 Mar 95

[By ITAR-TASS diplomatic correspondent Dmitriy Gorokhov]

[FBIS Translated Text] Moscow, 14 Mar—"We are expecting the president," Andrey Kozyrev said in Moscow today, answering a question on the possibility of Bill Clinton attending the May celebrations on the occasion of the 50th anniversary of the victory over fascism. However, he asked journalists "not to politicize" the issue, having pointed out some practical points to them.

Like other leaders, the U.S. President was invited to attend the Victory Day celebrations in the Russian capital, Kozyrev said. The difficulty is that on the same days celebrations will be held in virtually all states, and all the more so, in the states that were allies in the last war. There are some things which each of them holds sacred, and leaders should, above all, be with their people.

At the same time, it is clear that the Soviet Union—Russia and the other CIS countries—made "an immense and decisive contribution to the victory," and there is good reason for the invitation to Moscow. The minister thinks that, since in the West the date is marked one day earlier, Western leaders "can attend their own functions on 8 May and be with us on 9 May."

According to Andrey Kozyrev, one should not "simplify and politicize" the problem. "It is a long way from America to here, and there is a big time difference, but we are expecting the president," he stressed, confirming that the issue was being discussed by the sides.

Kozyrev, Christopher To Discuss Clinton Visit

LD1503121395 Moscow INTERFAX in English 1126 GMT 15 Mar 95

[FBIS Transcribed Text] Moscow, Mar 15 (Interfax)—A meeting of Russian Foreign Minister Andrey Kozyrev and U.S. secretary of State Warren Christopher will be held on March 22-23 in Geneva to throw light on the Moscow visit of American President Bill Clinton. The president is expected to arrive in the Russian capital on May 9.

A well-informed source at the Russian Foreign Ministry told Interfax today that the "formal and protocol aspects" of the problem were discussed at a working meeting between Kozyrev and U.S. ambassador to Russia Thomas Pickering late last week in Moscow. He reminded (Interfax) that the Russian side wanted the president's working visit to coincide with his participation in the V-day festivities but "hopes that Clinton will visit Moscow in May are minimal."

In the words of the diplomat, the Americans have at least two reasons for doubts and hesitations and they were voiced at the Kozyrev-Pickering meeting.

"Firstly, V-day festivities will be held in many European nations. Although Russia aspires to the central role, the Americans doubt where to go and whether they should go anywhere at all," said the diplomat. "What is more, the Americans are somewhat alarmed by the scale of festivities planned by the Russian authorities."

"The Americans fear this may be the revival of the ambitions of the former Soviet Union. They are uncertain whether it is good for their president to participate in such a pompous arrangement as the parade which was recently considered by the West as a show of Moscow's military might," he said.

At the same time, the diplomat thinks that the U.S.-announced reasons are "purely formal. The actual reason for their hesitations is the complicated relations between the Washington administration head and the Republican Majority of the U.S. congress."

Official Comments on Problem Concerning Missile Retargeting

LD1003133195 Moscow ITAR-TASS in English 1313 GMT 10 Mar 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow March 10 TASS—Russia strictly observes its international commitments, and there is no reason why it should not be trusted, Anton Surikov, expert from the Centre of Military-Strategic and Technological Studies, told ITAR-TASS. Reports that appeared recently, which say that Russia is allegedly breaking contractual commitments on non-retargeting strategic missiles at U.S. territory, are groundless, he stressed.

"The retargeting problem has two apects: First, this is mostly a declarative measure, because one can quickly go back on it and because we do not know for sure whether or not the U.S. retargeted its missiles. The second aspect consists in the fact that if they are really not training their missiles on us, then U.S. defence secretary William Perry is right, when he says that if an occasional launching takes place, the missile will fall into the ocean, and not on our territory," Surikov stressed.

When it was decided to retarget missiles, the decision was mostly of a political, propaganda character. In the opinion of Surikov, it is impossible in practice to monitor the fulfilment of the commitments. Technically it is not difficult to retarget a missile very quickly (it will take five to ten minutes), if a corresponding decision is taken. It is the mutual trust of our two countries, which should be the core of the problem. Surikov believes, however, that the measure should not be regarded as cure-all. Effective measures of mutual control should be worked out, and we should work for the mutual reduction of arsenals. In this case leaders of political parties both in Russia and the U.S. will have no reason to call international agreements into question.

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NASA's Stafford Visits Russian Space Facilities

MM0903085495 Moscow Ostankino Television First Channel Network in Russian 2130 GMT 18 Feb 95

[From the "Nota Bene" program: Report over video on Stafford visit to Russia; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[FBIS Translated Text] [213716] [Annoucer over video of Stafford in conference, visiting the Khrunichev plant and space control center] Thomas Stafford, head of the NASA Advisory Council, ended his visit to Russia today. He came to our country to familiarize himself with the work of Russian enterprises and scientific research institutes within the framework of the Russian- U.S. space programs "Mir-Shuttle" and "Alpha." Mr. Stafford visited the Khrunichev state space production complex where preparations are under way for the production of equipment for the "Alpha" international orbital station. The famous astronaut also visited the Russian space complex "Energiya" and the Baykonur Cosmodrome. He was present during the docking of the Progress cargo craft with the "Mir" station.

Despite the unstable economic situation in Russia, Thomas Stafford remains optimistic.

[Stafford in English with superimposed Russian translation] Both sides are working hard. Therefore our project will be successful. Any space flight carries a risk. [video shows Stafford in conference, visiting the Khrunichev plant and space flight center]

Advisability of Joint Space Missions Questioned

MM1403135395 Moscow IZVESTIYA in Russian 14 Mar 95 p 2

[Report by Sergey Leskov: "Russians and Americans Will Spend Several Months Living and Working in the Same Mir"]

[FBIS Translated Text] The Soyuz TM-21 spacecraft with an international crew on board is being launched from the Baykonur Cosmodrome 14 March with the Mir orbital station as its destination. This in itself has long been no rarity. But what is new and makes this flight unique is its program, which consists of several stages each one of which, in turn, has never been encountered in world cosmonautics.

The crew is made up of two Russians and one American—Vladimir Dezhurov, Gennadiy Strekalov, and Norman Thagard. The U.S. astronaut's three months' work in space will be an absolute record for the United States and the Western world in terms of the duration of weightlessness. For this reason the main attention in Norman Thagard's research will be devoted to medical experiments and a study of life-support systems—which constitutes very valuable know-how on the part of Russian cosmonautics. In this context the American diplomatically promises that, as an ordinary crew member, he will carry out all the orders of the Russian commander and the Russian Flight Control Center.

Norman Thagard, a 51-year-old qualified physician, is, by all accounts, someone who is full of contradictions. Before taking the oath of service to the most humane profession he was very successful in a diametrically opposite line of business. Thagard fought in Vietnam, flew many types of combat aircraft, and received the entire conceivable panoply of U.S. military decorations for his exploits. In addition, Thagard has managed to get into space four times on board the Shuttles—which gives him the moral right to count on a space record for the whole capitalist world.

Gennadiy Strekalov, our 54-year-old flight engineer, has no less experience of life. He too has been on four space expeditions, including long ones, and has clocked up 153 days in space, against Thagard's 25. Strekalov is a strictly civilian individual and works for the "Energiya" Science-and—Production Association, but he holds a "general's" post as chairman of the Russian Ski Sport Federation. The skiing season has ended, and he is chairman in space....

It is paradoxical, but the crew will be commanded by 32-year-old Vladimir Dezhurov, who is young enough to be his subordinates' son. He not only does not have experience of spaceflights but is also, apparently, the youngest cosmonaut for three decades. Not much is known about Dezhurov: He was born in a Mordovian village, graduated from Kharkov Aviation School, and joined the Cosmonaut Training Center just four years later. It can be assumed that the "dark horse," which is what Vladimir Dezhurov is at present, holds trump cards which are not known to the general public and which enabled him to be put on a flight on which the future of the whole of Russian cosmonautics largely depends.

A backup crew—Anatoliy Solovyev (also a space ace), Nikolay Budarin, and Bonny Dunbar—will very soon depart for America, just a few days after the launch from Baykonur. A new training program will commence for them. On 10 June the space shuttle Atlantis will be launched toward Russia's Mir. Their first docking and a partial crew swap will take place 12 June. As a result, Dezhurov, Strekalov, and Thagard will return to earth in the Shuttle, while Solovyev, Budarin, and Dunbar will settle in on board Mir for several months.

Joint flights, dockings, and crew swaps constitute the preliminary stage of work on the Alpha international space station, the start of whose construction is planned for 1997. Interchangeability and mutual understanding in space will be the chief condition for success at that time. But the question of the mutually advantageous nature of the planned program remains open. Many of our specialists maintain that America is getting advanced technologies dirt cheap, while Russia is not developing its potential but playing the role of submissive executor of other people's orders. Just what Russia

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will get out of Alpha, on which its poverty has forced it to gamble, is a troubesome question that remains open.

Before flying off to Baykonur one of the Russian crew members told me that he too is beset by doubts about the adequacy of the contributions of Russia and America and their gains from mutual rapprochement in space. But what is even sadder, my interlocutor commented, is the presentiment that this flight could altogether prove to be the last in the space history of impecunious Russia.

The remuneration for the expedition still remains to be mentioned. Norman Thagard proudly told me that, as a state employee, he is in no need of additional emoluments and will be paid the same in space as on earth. Our cosmonauts are offered an incentive, but the size of it was not known at the time of the launch (for the first time!). The cosmonauts are sustained by timid hopes that they will be granted $120 a day, with deductions leaving them approximately $70. And this for an undertaking which could influence the course of world history.

S-300 Sale Seen as Moscow Intelligence Ruse

MK0903113095 Moscow KOMMERSANT-DAILY in Russian 9 Mar 95 pp 1,4

[Report by Aleksandr Koretskiy and Aleksandr Safronov under the "Sale of S-300 System: Investigation" rubric: "A Dummy, Army-Style; or Real Secrets Are Not for Sale"]

[FBIS Translated Text] The purchase of a modification of the Russian S-300 air defense system by the U.S. Defense Department Intelligence Agency [DIA] in December 1994 was perceived both in Russia and in America as a DIA success and a failure for the Russian secret services. Triumphant cheers for the DIA leadership, and also former Defense Secretary Frank Carlucci and former Secretary of State James Baker, who turned out to have played far from the least role in the story, are still resounding in the United States. In KOMMERSANT-DAILY experts' view, this operation is unlikely to make the list of the U.S. intelligence service's successes any longer. To all appearances it will, on the contrary, go down in the annals of the Russian intelligence community as a vivid example of what is termed misleading operational measures. Commentary by Aleksandr Koretskiy and Aleksandr Safronov.

In late December last year a "Ruslan" An-124 heavy transport aircraft delivered secret cargo to the Redstone U.S. Air Force base (Alabama). Next day, THE WASHINGTON POST carried a sensational report asserting that the cargo contained nothing but components of the S-300, a state-of-the-art Russian system, allegedly sold by Belarus via the state-owned Beltekhexport company. A series of follow-up reports said that the transaction was carried out without Moscow's knowledge and did unprecedented damage to it: The United States had allegedly laid its hands on the S-300 PMU missile system. This is one of the last modifications of S-300 with an enhanced capability to combat both airborne targets, which is normal for air defense systems, and targets that have a ballistic trajectory. Proceeding from that assumption, both the U.S. and Russian press concluded that Moscow's strategic partner—Minsk—has sold itself to the West for thirty pieces of silver (specifically, for $6 million), while the Russian special services have degenerated so much that they are no longer capable of preventing military secrets from being smuggled out by the planeload.

What Did DIA Agents Actually Purchase?

THE NEW YORK TIMES has recently published a report asserting that preparations for the operation to buy the S-300 began more than two years ago. Back in 1993 the DIA held a closed tender for the right to carry it out. The successful bidder was the BDM International company, whose director, Emmanuel Weigensberg, is an arms dealer well known in the world and a participant in the "Iran-Contras" affair. The actual owner of BDM International, however, is not Weigensberg at all, but Carlisle Group, a well-known investment company, whose board of directors includes the already mentioned Frank Carlucci and James Baker. According to THE NEW YORK TIMES, it is they who ensured not only BDM's victory in the competition, but the very success of the operation by taking the most direct and active part in it. But, judging from KOMMERSANT-DAILY's investigation, awards and congratulations on the results of the deal may well have been given and heard in Moscow and Minsk, not only Washington.

According to information received by KOMMERSANT-DAILY from reliable sources, by the time the deal was clinched there were not more than five S-300 systems in Belarus. Two of them were on alert status, covering air space over Minsk, while the other three served as training equipment for the Minsk Higher Air Defense and Missile Engineering School [MHADMES]. Moreover, only one of the five systems was an S-300 PS modification, the others being PT's and PT- 1's. For understandable reasons, any standing down of either system from alert status was out of the question. As for the MHADMES' trapshooting range, it was far from being perfect: a faulty S-300 PT, a partially serviceable PT-1, and a PS in good working condition.

KOMMERSANT-DAILY has learned that it was precisely the semi- serviceable PT-1 on which cadets had practiced searching for and eliminating malfunctions for the past decade that was sold to BDM. Furthermore, only radars were sold (there were only three of them for the entire school), without launchers. But what held main interest for the U.S. DIA was not the launchers or radars, but the so-called F-9 container—the combat command and control cabin that makes it possible to coordinate the actions of six or more divisions and their radars. F-9 is the key link that makes it possible to create a single radar space theoretically of any size around facilities under its protection. This, in turn, enables air defense services to detect targets at a distance of up to

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650 kilometers. Concurrently, this broadens the capabilities of tracking any targets without exception in the protected space whether they number 10 or 250. As a matter of fact, F-9 has never been exported outside Russia and currently even the Air Defense Troops themselves have a limited number of such cabins in service. It seemed as if the U.S., represented by its military intelligence service, has become the owner of one of the latest achievements of Russian military thought and technology. But this is not quite so.

Soviet-Made Means Inimitable

According to a missile forces expert, the first thing the Americans might have done on unpacking the system in Alabama was to exchange astonished looks. Astonished at how objectives they in the U.S. currently only dream of can be achieved with a component base that lags several generations behind that of the United States. The latest U.S. achievement in this area—the Patriot system—is at least 40 percent behind even the initial modifications of S-300 in terms of its capabilities. It would be unfair to compare them, though—they were designed for solving different problems. This means that the Americans simply cannot use ideas and developments contained within S-300 in general and F-9 in particular. The only thing they will be able to understand is the evolution of Soviet designers' ideas in the early 1980s.

As a matter of fact, the United States has already familiarized itself with equipment of this level. When Belenko fled to Japan with his MiG-25 in 1976, DIA specialists dismantled it but could not borrow anything practical out of the aircraft—U.S. and USSR designers turned out to have too different approaches to solving similar technical problems. This incident effectively recurred 20 years later. But this time the Americans had to pay money to see how "this thing" works and to be convinced once again that "Soviet-made" means inimitable.

It cannot be ruled out that the DIA will be unable even to learn the precise capabilities of the S-300 PT system. According to information received by KOMMERSANT-DAILY, the radars and the F-9 cabin of the system sold to the Americans were equipped with peculiar software, to put it mildly. Given that the system was packed at the MHADMES not by DIA specialists, but, in all likelihood, by "clever guys" from the Russian Defense Ministry's Main Intelligence Administration [GRU], the current U.S. researchers have virtually no chances of finding out the real capabilities of the radar system and the F-9 container or the algorithm governing their operation. The only thing they surely must have realized is that Soviet designers were way ahead of the Americans in terms of creating algorithms for the operation of phased-array radars in the early 1980s. How far ahead designers' thinking has gone since then, they in the U.S. can only guess. The system they purchased gives no clues to this question. Why? The F- 9 container of the S-300 PMU/PMU-1 (it was demonstrated to all who wished to see it at the exhibition in Zhukovskiy in summer 1993) and the one purchased by the DIA are worlds apart.

The Main Thing Is To Condition the Buyer

Careful analysis of all information relating to the operation involving the purchase of the S-300 brings one to the conclusion that the loading of system components onto "Ruslan" marked the end of a near-classic "game" played by the Russian special services with their U.S. counterparts. It is hard to judge when it began, but KOMMERSANT-DAILY knows that back in summer 1994 the possibility of selling individual elements of the system was contemplated at the level of the Russian Government. The problem was which particular system could be sold. What would turn out to be a very appropriate option was found—the S-300 PT-1 from the MHADMES base. It was appropriate not only because it met all conditions required for misleading operational measures of this type to be carried out. The factor of "foreign" territory and a hoopla raised by the press over the deal played not the least part in the decisionmaking.

It is well known that BDM was haunting the thresholds of Russian agencies with relevant proposals regarding the S-300 for about a year. But in vain. To all appearances, in the meantime an appropriate option was being selected and then details of the DIA's would-be "brilliant operation" were agreed upon with Belarus. In order to buy time, Weigenberg was even offered the following option: that he buy six systems (a regiment) at once. This would have made sense for the Americans only if the S-300 system were to be adopted for service by the U.S. Army. BDM was gradually lead to believe that a single system could not be bought from Russia, but it might try its luck elsewhere. Small wonder that elsewhere turned out to be in Minsk, where there were as many as three appropriate systems available at the MHADMES base. From the time BDM approached the Belarusian side the operation entered its final and the most intensive stage. It started with a "leak" from the Belarusian Defense Ministry to the local press about the upcoming transaction.

Notably, the GRU (and there can be no doubt as to its direct involvement in all stages of the operation) exploited the Russian and Belarusian mass media on such a large scale and so skillfully for the first time in the history of carrying out such misleading operations. The hoopla over the sale of Russian military secrets by Minsk impressed not only ordinary citizens, but also the customer. Particularly so when Alyaksandr Lukashenka announced the suspension of the deal allegedly under pressure from public opinion. This was probably the most spectacular move that was meant to banish whatever doubts the Americans might have had about the sincerity of the sellers. Metaphorically speaking, by delivering his statement, Lukashenka played the role of a classic militiaman suddenly emerging at the most crucial juncture of an illegal hard currency exchange transaction. The grim prospect of a complete failure loomed large before BDM. The Russian secret services achieved the main result: The

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buyer grew jittery and relaxed his vigilance. In conditions of strong psychological pressure the DIA no longer had the time to search for an alternative option or to check carefully what was being purchased.

What actually occurred in December 1994 will become known only when a participant in the operation starts writing memoirs. But there are at least two indirect pieces of evidence proving that public opinion for the first time had a chance to follow one of the greatest misleading operations conducted by special services. First, this is the price at which the S-300 PT-1 and the F-9 container were sold. It is well known that it was $6 million. Meanwhile, this is one-sixth at best of the hardware's real value. Second, when the transaction was discussed in the mass media, Russian and Belarusian servicemen commented unobtrusively on the sale of precisely an S-300 PMU to BDM—this very modification featured in the famous "leak" from the Defense Ministry. It is hard to imagine that the military really did not know what was actually on sale. The astonishing unanimity of references to the sale of a PMU is yet more proof of coordinated action.

Foreign Ministry Response to EU Line on Chechnya 'Strange'

MK1003104095 Moscow SEGODNYA in Russian 10 Mar 95 p 3

[Report by Leonid Velekhov under the "Affront" rubric: "The Ball Returned to the European Union's Court. Russian Federation Foreign Ministry Sees Only 'Considerations of Commercial Competition' Behind the EU's Actions"]

[FBIS Translated Text] The decision not to sign the provisional trade agreement with Russia until a settlement is achieved in Chechnya, which was made at Monday's meeting of the foreign ministers of 15 European Union [EU] member states, has elicited a reaction from the Russian Foreign Ministry that is strange, to say the least. According to an INTERFAX report, Deputy Foreign Minister Nikolay Afanasyevskiy said that the events in Chechnya "were only a pretext" for postponing the signing and "there are grounds to believe that had there been no Chechen events, a different pretext would have been found so as not to sign the agreement." The deputy minister did not specify what grounds there were, however. Instead of arguments, he added yet more unsubstantiated statements, saying that "the EU decisions are based on considerations of commercial competition." Finally, he threatened—even if it was unclear by what means—that the EU decision would "affect the dialogue" between Kozyrev and the EU "troika"—the foreign ministers of France, Germany, and Spain. "They will be talking in a big way. We will have to assess how to build a partnership between the Russian Federation and the EU," Afanasyevskiy said. "And this given that last year, on Corfu, where the Russian Federation and the EU signed an agreement on partnership and cooperation, a balance of interests was found and formalized."

As for the trade agreement, the deputy minister said that the further development of events depends entirely on the EU's stance. "The ball is in the European Union's court," he concluded.

It is hard to reconstruct the logical basis for this outburst, even assuming that the INTERFAX correspondent was a bit inaccurate in writing down the diplomat's statements. But one thing is clear: They had nothing to say on the merits of the EU decision, it caught them off guard, so they resorted to the method of countering a blow with a blow, a favorite technique of Soviet diplomacy, which has been increasingly often used by its Russian successors—without bothering to think about logic or arguments, as long as it hurts, as long as it discredits the opponent at any price.

Where did they find the "grounds to believe that had there been no Chechen events, a different pretext would have been found so as not to sign the agreement?" Let us reconstruct the sequence of events and along with it the logic of EU actions.

On 5 January, the European Commission—the EU's executive body—drew a conclusion on the need to postpone the ratification of the agreement between the EU and the Russian Federation "in connection with serious concern over the fact that Russia is solving its problems by military means."

On 23 January, the foreign ministers of EU member states adopted a statement on the Chechen crisis at their meeting in Brussels. The statement calls for bloodshed to be stopped and does not say a single word about sanctions, but it did include a phrase saying that the EU reserves the freedom of further actions with regard to Russia unless it finds a peaceful, political solution to the Chechen crisis. In the lobby, Belgian Foreign Minister Frank Vandenbrouke hinted that Russia "would be pushed into a corner" unless it finds such a solution.

On 26 January, the EU's consultative body, the Economic and Social Council, passed a resolution calling on EU countries not to ratify the partnership and cooperation agreement signed on Corfu and expressed the view that the provisional agreement on trade and partnership with Russia, scheduled to be signed in early March, can only be signed if a political settlement of the Chechen conflict is achieved.

That is it. The chronological account of the events alone shows that the Chechen crisis was neither a pretext nor an excuse for a deterioration in relations between the EU and Russia. It was the actual reason and essence of the deterioration. Its consequence has been the decision not to sign the provisional trade agreement. The first, but, evidently, not the last consequence.

The EU was in no rush to take on Russia, but it insisted from the outset—or, rather, from the time it became clear that a real war is under way in Chechnya—on a

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search for a peaceful solution, and warned of the consequences of continuing bloodshed, hinting at its own possible steps. The EU's politeness was peculiarly perceived in Russia. Not only has Russian diplomacy refused to take issue with any of the afore-mentioned warning decisions by the EU and its bodies at the time, but it has failed to take official notice of them at all. Why? Because it did not take them seriously, because it hoped that the warnings were mere words, nothing more. Back in late January, right after the Economic and Social Council passed its resolution, Kozyrev expressed his assurance at the State Duma that "partnership with the key states has survived the test of strength" and that no EU sanctions would follow.

The EU has observed that Russia is ignoring its stance, an observation that resulted in the 7 March decision. According to REUTER, on Wednesday, before leaving for Moscow, French Foreign Minister Alain Juppe commented on this decision as follows:

"We do not want to isolate Russia at all. We want to make it clear to it that the obligations it has undertaken with regard to the European Community should be respected."

The reaction of the Russian deputy foreign minister was a worthy response to Alain Juppe, leaving no doubt whatsoever as to whether Russia respects EU decisions behind which it sees certain "considerations of commercial competition," not the weighty political and moral motives stated by the EU itself.

West's 'Colonial' View of Russia, CIS Hit

MM1003110595 Moscow PRAVDA in Russian 10 Mar 95 p 7

[Article by Stanislav Menshikov: "'Time To Seek a Replacement...' West Regards Russia and CIS Countries as Dependent Territories"]

[FBIS Translated Text] Rotterdam—U.S. Secretary of State Christopher recently met Italian Foreign Minister Mrs. Agnelli and said: "Perhaps it is time for the world to seek a replacement for Yeltsin." His high-ranking interlocutor agreed, adding: "When I see Yeltsin on television I think that he is not in control of himself." And although after this President Clinton once again repeated the now-standard phrase regarding his "total confidence" in the Russian president, the two Western ministers' exchange of rejoinders will go down in the annals of diplomatic history as a rare example of by no means diplomatic expressions regarding a sovereign and still great state.

Washington has for some time been unhappy with Yeltsin and is thinking in terms of the "post-Yeltsin era." That is pretty well- known. But Christopher's claim that "the world" rather than the Russian voter should choose the Kremlin ruler's successor is something new coming from a U.S. diplomat. Hitherto people in the West have claimed that they support Yeltsin (notably in dissolving the Russian parliament) because he is a "nationally elected" president. But it transpires that quite different criteria are at work: Anyone who suits the Western capitals is a good man and deserves support.

We should not be surprised, however. This merely constitutes semiofficial confirmation of Russia's dependent (if not colonial) status in the eyes of the Western world. You can find all manner of examples in the Western press of this kind of approach to our state and the other sovereign countries of the CIS.

We are no longer talking about the interminable reprimands which are directed at us when Moscow's behavior does not please the West - - ranging from the use of armed force in Chechnya to the exhibiting of pictures once removed from Germany. Needless to say, everyone is entitled to his own opinion. But the arrogant, peremptory, and disdainful tone with which these reprimands are delivered is staggering. Here are a few examples taken from Western newspapers that undoubtedly reflect the sentiments of political circles over there.

V. Chernomyrdin recently went to Warsaw for talks on economic matters. This aroused the irritation of the WALL STREET JOURNAL, which reproached the sides with "talking about everything but the most important thing—how and when to integrate Poland and other parts of the Soviet empire into Western structures." That was what should have been the subject of the talks rather than a gas pipeline there, since the "Russian Federation has begun to threaten its neighbors and interfere in their affairs," is keeping troops in Kaliningrad, etc. According to this logic, it is not the Russian prime minister and his Polish counterpart who should have set the agenda for their talks but Washington or NATO, where it turns out that people are better aware of Russia's and Poland's true interests than people in Moscow and Warsaw. That can only be said of dependent countries whose foreign policy is organized from afar. What is the world coming to!

About a month ago V. Chernomyrdin signed a decree regulating the procedure for peasants to leave kolkhozes being transformed into joint-stock companies. You would have thought that this was an entirely domestic matter. But no, a menacing growl followed on the front page of the FINANCIAL TIMES: "It is not clear whether Mr. Chernomyrdin signed this decree in full awareness of its significance and importance." Well, the British newspaper does not like kolkhozes, but it does like private farmers—you cannot force things. But to accuse the prime minister of a foreign government of thoughtlessness is too much. That is not done in London drawing rooms. British colonies where tribal leaders were treated as the spirit moved them are another matter.

THE WALL STREET JOURNAL responded to the Almaty meeting of the CIS heads of state with a report deeming the decisions adopted there a sign of the "Russification" of the Commonwealth. "The new states cannot resist Russia's embrace," the newspaper writes.

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"The original aim of the CIS when it was founded in 1991 was to operate as an organization of independent and equal states. Instead the CIS is increasingly becoming an organ where Russia holds sway. Reintegrated with its Soviet dominions, it could easily become the leader of a political bloc isolated from and hostile to the West."

That the U.S. newspaper is sounding the alarm regarding a potentially unfavorable geopolitical trend for the United States and NATO is understandable. It is also understandable why this trend has been greatly exaggerated in THE WALL STREET JOURNAL's imagination. A coward sees danger everywhere: There is a long way to go before European union is created. What cannot be accepted is the scornful tone regarding the CIS countries, which are presented as weak-willed pawns on the great powers' chessboard. Pawns which are, moreover, for some reason by no means always moved in response to the West's commands and which, if they make an autonomous move, inevitably do so at Moscow's bidding, no more and no less.

Here is how the FINANCIAL TIMES, for instance, commented on the recent parliamentary elections in Kyrgyzstan. President Askar Akayev received "a strong mandate enabling him to keep his promise to implement market reforms. He can no longer cite opposition from communist bureaucrats as an obstacle to reforms. International credit institutions have heaped praise and financial support on Mr. Akayev. But they expect action from him. In the words of one Western analyst in Bishkek: You took power, now show us what you can do."

It is a question of continuing monetarist policy in coordination with the IMF, completing the decollectivization of agriculture, and transferring mineral wealth to foreign capital. In return Kyrgyzstan received an "advance" of $500 million. And now it is time to pay the promissory notes.

This paints an unprepossessing picture, certainly, but does it really gel with the claims regarding the "Russification" of the CIS? Quite the contrary: An operation to transform the Central Asian country into a Western protectorate is proceeding at full speed. The head of this state is treated unceremoniously: Did you receive money? Did you make a promise? Pay up now!

Needless to say, Kyrgyzstan is not an exception. Any country that goes to the IMF or the World Bank with outstretched hand must be aware what lies in store for it. Other members of the CIS have now found themselves in that position, including Mother Russia. It is not holding its breath for the 6 billion which the fund promised on extremely tough terms.

The main thing that Russia must remember is "not to be a difficult customer," to do as it is told, not to be surprised if it ceases to be respected, and not to take umbrage when new leaders are imposed on it in place of those who have ceased to do their jobs according to Western concepts.

World Bank Grants $400 Million To Promote Land Development

LD0803195195 Moscow Voice of Russia World Service in English 1900 GMT 8 Mar 95

[FBIS Transcribed Text] The World Bank has approved a decision to grant $400 million to Russia to help it create a market system trading in land and the buildings that will be built on it. These allocations will be used as loans to set up private building firms, and as loans for the families that would like to buy a plot of land and build their home there.

World Bank To Lend Russia $400 Million for Private Markets

LD1003133995 Moscow INTERFAX in English 1127 GMT 10 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 10 (FIA)—The World Bank has extended to the Russian government a loan of $400 million to form private markets of real estate and housing. The loan will be issued on the bank's standard terms for a period of 17 years, including a five-year deferment of payment at a floating interest rate, which currently runs at 7.09%.

The World Bank's press release says that the loan is part of a $785-million project launched to help carry out reforms in the housing sector in six Russian cities: Moscow, St. Petersburg, Tver, Novgorod, Nizhniy Novgorod and Barnaul, where 22,000 apartments and 9,200 homes will be built.

The project incorporates the development of the housing market, including land management, housing construction, the modernization of the building materials industry and technical cooperation.

The World Bank will provide for the training of personnel and technical cooperation in establishing the appropriate legal and financial base for private real estate markets. Personnel training and technical assistance throughout the term of the project will be given by the US international development agency.

Russian Envoy's Remarks Cause 'Irritation' Among Finns

MM1003090795 Moscow IZVESTIYA in Russian 10 Mar 95 p 3

[Report by Marat Zubko: "Ambassador Starts Dispute Which the Finns Do Not Need"]

[FBIS Translated Text] Helsinki—Russian Ambassador in Helsinki Yuriy Deryabin has "muddied the waters" in Finland's political arena. This has happened just before the parliamentary elections which will be held 19 March.

In an extensive interview with the newspaper VASABLADET, the ambassador spoke of Finland's possible membership of NATO:

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"Russian Ambassador Yuriy Deryabin made it clear how the Russian authorities would greet the Finns, as well as the Swedes, joining NATO. Negatively. Furthermore, a hasty and unjustified move to the east by NATO may become a factor which could lead to the emergence of a new 'cold war.'"

This part of the interview was taken up by other Finnish mass media—"Deryabin's subject" has been splashed across the pages of newspapers, television screens, and radio programs.

Critics were specially surprised by the circumstance that the ambassador himself had broached the subject of NATO in a dramatic form, although Finland has not been raising the question of joining NATO.

Such statements, Esko Helle [name as transliterated], one of the chiefs of the Left-wing Alliance, stated, only reinforces a mood in favor of the country joining NATO among the Finns. And the newspaper KALEVA thinks that the ambassador's stance contradicts the statement made by Russian Prime Minister Viktor Chernomyrdin on the Polish version of the same question. Chernomyrdin said that Poland's possible membership in NATO is an internal matter for the Poles.

The main Swedish newspaper DAGENS NYHETER has stated that Finland's big neighbor "is behaving in his usual way." But the Finns have changed, and warnings like the one made by Yuriy Deryabin only generate irritation and hostility.

Ministry Against Forced Restitution of WWII Valuables

LD0903195495 Moscow INTERFAX in English 1704 GMT 9 Mar 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] MOSCOW, Mar 6 (Interfax)—The Russian Foreign Ministry is opposed "to attempts to force the restitution of cultural valuables misplaced as a result of World War Two". The statement was made by a ministry spokesman in Moscow Thursday. According to him, unnecessary politicking can only harm the cause.

"The Russian and German sides so far interpret differently Article 16 of the November 9, 1990 neighborliness, partnership and cooperation treaty on the lawful and unlawful removal of valuables. There are also differences on the question of compensation for the Russian cultural valuables that perished in the war", the diplomat said.

According to him, 3000 communities of historical significance were destroyed in occupied Soviet territory, 427 museums (173 in Russia) robbed, hundreds of churches and other religious buildings destroyed or greatly damaged. Over 20 museums of local history with at total of 100,000 exhibits disappeared fully. Irreparable damage was done to museums and palaces around St.Petersburg: in Pavlovsk, Tsarskoye Selo, Gatchino and Petrodvorets. According to the Extraordinary State Commission that defined the combined damage done to the USSR by hostilities, losses in culture amounted to about 500 million rubles in the then prices. Naturally many works of art and monuments of architecture are invaluable, the diplomat remarked.

He assured that the Russian side would stick to its reliance on a civilized and reasonable solution of disputed matters in a broad European context proceeding from present- day realities. "A flexible and constructive approach is necessary here taking into account the special delicacy of the matter for the public mind," the spokesman said.

Moscow Working on 'Settlement Plan' for Former Yugoslavia

LD1503122995 Moscow INTERFAX in English 1126 GMT 15 Mar 95

[FBIS Transcribed Text] Moscow, Mar 15 (Interfax)—According to well-informed sources in the Russian Foreign Ministry, Moscow is working on its own settlement plan for the former Yugoslavia.

The sources refused to report any details but made it understood that the Russian proposals might be finalized by the Geneva meeting of Foreign Minister Andrey Kozyrev and the U.S. secretary of State Warren Christopher on March 22-23.

The same sources said that a few days ago a high-ranking Russian envoy toured Belgrade, Zagreb and Sarajevo and met the presidents of Serbia, Croatia and Bosnia-Herzegovina.

The sources did not say whether the tour was related to the Russian settlement plan.

"The purpose of the visit was to probe the sentiments in the three capitals and see how far they are ready to go in the current circumstances," the high-ranking official said.

Hungarian Prime Minister Visits Rostov-on-Don

LD0803153695 Moscow ITAR-TASS in English 1505 GMT 8 Mar 95

[By ITAR-TASS correspondent Vyacheslav Bondarenko]

[FBIS Transcribed Text] Rostov-on-Don March 8 TASS—"The possibilities of mutual cooperation between Hungary and Russia are far from being exhausted, neither exhausted is our aspiration to widen and strengthen this cooperation despite certain difficulties," Prime Minister of the Hungarian Republic Gyula Horn said today before leaving the Russian city of Rostov-on-Don.

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The premier was in this city in the course of his visit to Russia. He signed an agreement on the development of foreign economic ties between Hungary and Rostov-on-Don.

Gyula Horn held talks with representatives of the city administration and local business circles during which he showed a great interest in the possibilities of the "Rostselmash" joint stock company, the largest Russian enterprise producing farm machinery, in particular in deliveries of grain harvesting combines to Hungary.

It is no mere chance that the head of the Hungarian Government chose Rostov-on-Don for his visit—in 1954 he graduated from the Rostov Institute of Economics which was later turned into the Rostov Academy of Economics.

Today in accordance with the decision of the academic board Gyula Horn received an honorary diploma of doctor of economics. He was awarded this academic rank for his considerable contribution to the development of the Hungarian economy.

Soskovets' Working Visit to Ukraine Previewed

LD1003165695 Moscow INTERFAX in English 1513 GMT 10 Mar 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] MOSCOW, Mar 10 (Interfax)—Russian First Deputy Prime Minister Oleg Soskovets plans a working trip to Kiev later this month to prepare President Yeltsin's official visit to Ukraine.

Soskovets told a working meeting on Russian-Ukrainian relations in Moscow Friday that Russia will insist on Sevastopol remaining the Black Sea Fleet base. At the same time, a number of the fleet's auxiliary installations will be made available to Ukraine on a contract basis.

During Yeltsin's visit to Kiev, he will sign a bilateral treaty on friendship and partnership, declaration on the division of the Black Sea Fleet and agreement to restructure Ukraine's debt to Russia.

In addition, the two presidents will consider concluding an agreement on dual citizenship. The Russian side is accomplishing the preparation of the agreement's draft, the meeting was told.

However, the meeting was never informed of the exact date of Yeltsin's visit.

The Russian navy commander, Feliks Gromov, told Interfax that the talks on the Black Sea Fleet were "very slow, but successful."

Kiev To Turn USSR Strategic Bombers Over to Moscow by May

MK1403143095 Moscow SEGODNYA in Russian 14 Mar 95 p 3

[Report by Vladimir Sergeyev under the "Neighbors" rubric: "The Return of Strategic Aviation. Ukraine Turns Heavy Bombers It Inherited From USSR Over to Russia"]

[FBIS Translated Excerpt] In the run-up to Boris Yeltsin's official visit to Kiev scheduled for late March, aviation was the subject that clearly eclipsed everything else in relations between the two countries last week. As a result of Russian-Ukrainian talks, which have lasted for more than 18 months, an agreement was reached on turning strategic bombers—19 Tu-160 supersonic jets based in Priluki (Chernigov Oblast) and 25 Tu-95 MS subsonic turboprops in Uzino (Kiev Oblast) and also air-based cruise missiles to arm them with—over to the Russian Air Force. This will mark an end to the redeployment of strategic aviation aircraft from two CIS countries—Kazakhstan and Ukraine, on whose territory they found themselves after the USSR's collapse—to Russia. Back last summer, Kazakhstan's 40 Tu-95 MS's flew from their home airfield near Semipalatinsk (as a matter of fact, the largest Strategic Air Force base in the former USSR) to Russia. Both flight and maintenance personnel of the base were Russian.

In Ukraine, the situation was somewhat different: strategic (heavy) bombers were part of the national Air Force and were maintained by personnel who took the Ukrainian oath of allegiance. Initially, the Tu-95 MS and particularly the Tu-160 were the object of particular pride because they were seen as yet more trappings of national independence and sovereignty: not all countries can afford to have strategic aircraft. The strategic bombers soon turned out, however, to be too expensive a "toy" that Ukraine did not need: for instance, a Tu-160 aircraft alone needs 180 tonnes of short-supply fuel to perform a maximum-range flight of 12,000 km and about 40 tonnes even for a training sortie over Ukrainian territory. There was simply too little room for Tu-160's in the Ukrainian sky. By the way, owing to the perennial shortage of fuel the aircraft spent extremely little time in the air, remaining practically always on the ground.

Last year, when Ukraine signed international agreements reaffirming its status as a nuclear-free state, the problem of "getting rid of" the strategic bombers became urgent and could be resolved either by redeploying them to Russia or destroying them in Ukraine (particularly so because a facility for the dismantlement of heavy bombers has remained in Uzino since the Soviet era). Since the destruction would put too much strain on the Ukrainian budget, the problem was resolved simply by offering the aircraft to Russia for sale. Russia agreed. Ukrainian negotiators constantly emphasized that the cost of a U.S. B-1B bomber is $300 million, apparently in the naive belief that this should also be a starting price of a Tu-160, an analogue of the U.S. aircraft. This is the price of a new American plane, however, while a Tu-160 and a B-1B, albeit of the same class, are worlds apart even when new. Moreover, the Tu-95 MS and Tu-160 have "aged" after being grounded on Ukrainian soil almost without sorties.

Last week, the Ukrainian side insisted on $800 million for all the aircraft and armaments for them, while Russia offered one-tenth of the sum—$75 million—(according

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to estimates by Russian specialists and experts). They struck a bargain precisely on this sum, for in Ukrainian national currency it looks quite impressive—90 billion karbovanets [as published—should be about 9 trillion].

Therefore, next May, following the reunification of the Russian strategic air force, it will comprise 28 Tu-160's and 87 Tu-95 MS's armed with air-based cruise missiles. [passage omitted]

As for the United States, it would decidedly prefer Russia to have as many strategic bombers as possible. The Americans include the strategic aircraft among the so-called "stabilizing" weapons systems, justifiably arguing that bombers are slower-flying weapons in comparison to ICBM's. Precisely for this reason they cannot deal a sudden nuclear blow at an enemy's strategic facilities. Another important factor is that heavy bombers are the sole strategic weapons whose might can be graphically and convincingly demonstrated to the enemy so as to show the seriousness of one's intentions by ordering all or some strategic bombers to take off. As the conflict subsides, the heavy bombers may be recalled to their bases, something that cannot be done to intercontinental ballistic missiles already launched.

Regiments of the Russian strategic air force are located in Mozdok (North Ossetia) and Ukrainka (Amursk Oblast), where Tu-95 MS's are based; and also in Engels of Saratov Oblast. Apart from obsolete Tu-95 K's (that can be armed only with nuclear bombs) this base also houses nine Tu-160's owned by Russia from the outset. In addition, there are 29 ZMS-2 obsolete tanker aircraft (a regiment of new "flying tankers," Il-78's, remains in Ukraine).

It is here, to Russia's largest strategic aviation base, that Tu- 160's are due to be redeployed from Ukraine.

Moldova's Sangheli Discusses Natural Gas Debt Repayment

AU1003144495 Chisinau INFOTAG in English 1930 GMT 9 Mar 95

[FBIS Transcribed Text] Chisinau INFOTAG, 9/3/1995—A Moldovan governmental delegation headed by Prime Minister Andrei Sangheli discussed problems of economic cooperation between the two countries in Moscow today. The sides are supposed to sign an intergovernmental treaty on cooperation in 1995.

The one-day talks' agenda includes the discussion of further Russian [natural] gas supplies to Moldova, and of repayment of gas debts by Chisinau. The indebtedness has reached $196 million at present, including $110 million owed by Dniester.

Tiraspol has acknowledged its share in the Moldovan debt, though it believes the figure is slightly overrated. Andrei Sangheli and Dniester leader Igor Smirnov met in Chisinau last Monday but failed to reach an agreement as to the debt repayment. However, Tiraspol officials believe the problem will be finally settled in Moscow today with the active participation of Dniester officials included in the Moldovan delegation.

Israeli Ambassador: 'We Need Russia's Support'

LD1003145995 Moscow INTERFAX in English 1433 GMT 10 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 10 (Interfax)—Israel's new ambassador in Moscow, Aliza Shenhar, strongly disagrees with those who believe that Russia has lost the leverage to influence the situation in the Middle East and is only a formal co-sponsor of the settlement process.

"Russia is encouraging the sides to go ahead with the talks and for that sole reason that it plays a very important role in the process of the Middle East settlement", Shenhar said in an exclusive interview.

Shenhar said Israel is particularly interested in Moscow's assistance in relations with Syria. "I am certain that Russia will help us begin a genuine dialogue with Damascus", she said.

Shenhar said that in contrast to the past Israel was no longer isolated in the region. "But we have big problems with the Lebanese, who are supported by the Syrians. There are problems with the Palestinians, such organizations as Islamic Jihad and Hamas [Islamic Resistance Movement], who are partially supported by Syria, too. "This is the reason why we need Russia's support so much. We do count on Moscow", she said.

The new Israeli ambassador said that her country attached great importance to the Russian Foreign Minister Andrei Kozyrev's Middle East tour, scheduled for the end of March and the start of April, which will take him to Israel and other countries.

"It is not so much specific results of the visit as the continuation of the dialogue that is very important to us", Shenhar said.

Shenhar believes that the current uncertainty in the Middle East cannot last forever. "We hope that after the Russian and American foreign ministers (visit) the situation in the region will change for the better," she said.

Further on Plans for Abu Dhabi Arms Exhibition

LD0903140995 Moscow Russian Television Network in Russian 1100 GMT 9 Mar 95

[Recorded video report by correspondent S. Brilev, including remarks by A. Kotelkin, general director of the Rosvooruzheniye state company; from the "Vesti" newscast; speakers identified by caption]

[FBIS Translated Text] [Brilev] Russian arms exports amounted to $1.7 billion in 1994. This year that figure will be at least $2.5 billion. Contracts to the tune of $1.5 billion have already been drawn up since the beginning

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of the year. This good news was given at a news conference by the Rosvooruzheniye [Russian arms export and import] state company today.

The meeting with journalists was held on the eve of the Russian delegation's departure for the IDEX '95 arms exhibition in the United Arab Emirates. The exhibition will take place 19-23 March. This is the second time that Russia has taken part in it.

[Kotelkin] The last exhibition in 1993 convinced us that such exhibitions yield good economic results for Russia—first of all, the contract with Kuwait for $760 million.

[Brilev] This time, Rosvooruzheniye—which plans to spend over $2 million on its participation in the exhibition—will take around 200 examples of Russian armaments and hardware to Abu Dhabi. In particular, this will include fast attack craft, anti-aircraft missile systems, tanks, armored vehicles, and firearms.

Omani Deputy Premier Confers With Fuel Minister

JN1003142995 Muscat Radio Oman Network in Arabic 1300 GMT 10 Mar 95

[FBIS Translated Text] His Excellency Qays Bin-'Abd-al-Mun'im al-Zawawi, [Omani] deputy prime minister for financial and economic affairs, met in Moscow today with His Excellency Yuriy Shafranik, Russian minister of fuel and energy. During the meeting they discussed bilateral relations and ways to bolster them, particularly in the field of oil investments. Al-Zawawi is expected to meet later today with His Excellency Viktor Chernomyrdin, chairman of the Russian Council of Ministers.

Al-Zawawi and his accompanying delegation arrived in Moscow last night on a three-day official visit to Russia.

Iran To Boost Shipment Through Astrakhan Port

LD0803152095 Moscow INTERFAX in English 1414 GMT 8 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 8 (Interfax)—Iran, which used to haul by trucks about 1 million tonnes of cargoes to Russia across Chechnya, has offered the Astrakhan administration to organize cargo shipment through this port in the lower flows of the Volga river.

As Anatoliy Guvzhin, governor of the Astrakhan region, has reported at a news-conference, Iran can now export all its commodities to Astrakhan by sea, in particular via its new port of Bender-Torkmen (in the south of the Caspian sea), having rail terminals.

Even this year, as Iran suggests, no less than 200,000 tonnes of its cargoes could be handled in Astrakhan, which, by specialists estimates, could fetch more than $4 million in revenues to the region.

According to a forecast, made by Soyuzmorniiproyekt (Moscow), a maritime design institute, Astrakhan, where cargo turnover now amounts to only 3 million tonnes a year, can in the next few years partially take over export-import cargo shipment from former USSR to the Caspian basin and Middle East countries and to India. This is necessary because the traditional routes to these states have been disrupted by armed conflicts in Caucasus and by the collapse of the USSR.

World Muslims Agree Chechen Conflict 'Not Religious'

LD0903194895 Moscow INTERFAX in English 1704 GMT 9 Mar 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—The first reaction of the Muslim world to the Chechen developments was mixed, but as a result of "explanatory work" by the Russian Foreign Ministry and government the viewpoint prevailed that the conflict is not religious, the Russian Deputy Foreign Minister Viktor Posuvalyuk told a Thursday news conference in Moscow.

According to him, Turkey, the United Arab Emirates and other Muslim countries do not view the conflict in Chechnya as a clash between Islam and Christianity.

The diplomat stressed that Muslim leaders consider the aggravation of the situation in Chechnya an internal affair of Russia and are interested in the speedy settlement of a conflict that can have a destructive effect on other nations.

In the opinion of Posuvalyuk, the international defence exhibition in the United Arab Emirates will not cause any political difficulties to Russia related to the Chechen conflict.

Russian Diplomats in Angola Victimized by 'Bandit Attacks'

LD1003104495 Moscow Radio Rossii Network in Russian 0800 GMT 10 Mar 95

[FBIS Translated Text] ITAR-TASS reports that Russian citizens working in Angola are increasingly becoming the victims of bandit attacks. Since the beginning of this year more than 10 such incidents have been registered. In the last week alone the counsellor and envoy in the Russian Embassy in Luanda has twice been subjected to armed attack.

Unlawful entry into the grounds of Russian institutions, the theft of cars, thefts, and robbery with violence—these are the dismal results of the first two months of this year for citizens of Russia and the other republics of the former Soviet Union residing in Angola.

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Argentine Envoy Presents NPT Ratification Instruments

LD1003135895 Moscow ITAR-TASS in English 1314 GMT 10 Mar 95

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Transcribed Text] Moscow March 10 TASS—Arnoldo Manuel Listre, the ambassador of Argentina to Russia, has deposited the ratification instruments certifying his country's joining the Treaty on Non-Proliferation of Nuclear Weapons (NPT), with the Russian side, said a Russian Foreign Ministry communique which was made available to ITAR-TASS on Friday.

At present 163 countries have become parties to this important treaty. The accession of Argentina, one of the most influential Latin American countries, to the NPT treaty, adds universality to the treaty and improves security climate in the world.

Argentina has made an important step which acquires particular importance in the light of the forthcoming NPT signatories' conference which is to held in New York in April. The main task of the forum, in the opinion of the Russian side, is to take a decision on an unlimited and unconditional extension of the treaty.

A ceremony to hand over the NPT ratification instruments has taken place in the Russian Foreign Ministry where the Argentine ambassador was received by First Deputy Foreign Minister Igor Ivanov.

The interlocutors pointed out mutual interest of their countries in the development of bilateral and multilateral cooperation in the peaceful uses of nuclear energy.

The Russian side emphasised its readiness for close and constructive cooperation with Argentina in the foreign policy arena with a view to strengthening the international nuclear non- proliferation regime and establishing a nuclear security system.

Moscow 'Sure of Further Normal Relations' With Kazakhstan

LD1503123595 Moscow INTERFAX in English 1126 GMT 15 Mar 95

[FBIS Transcribed Text] Moscow, Mar 15 (Interfax)—The Russian leaders are sure of further normal relations between Russia and Kazakhstan, Russian Deputy Prime Minister Aleksey Bolshakov said in an exclusive interview with Interfax today.

In his words, "dissolution of parliament and resignation of the Kazakh government will not affect integration into the Commonwealth," including the Russian-Kazakh relationship.

Bolshakov is sure that "Kazakhstan will have a well-considered policy as long as Nursultan Nazarbayev and Akezhan Qazhygeldin are in office."

Kozyrev Urges UN Peacekeeping Effort in Tajikistan

LD1003150595 Moscow INTERFAX in English 1348 GMT 10 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 10 (Interfax)—Moscow hopes the United Nations will satisfy an appeal by five member countries of the Commonwealth of Independent States for a full-scale peacekeeping operation in Tajikistan, the Russian Foreign Ministry spokesman quoted Foreign Minister Andrey Kozyrev as saying.

Kozyrev conveyed the hope to U.N. Deputy Secretary General Aldo Ajello, whom he met in Moscow several days ago, the spokesman, Grigoriy Karasin, told Interfax Friday.

"The Russian side stressed the need for more resolute action on the part of the international community to ensure peace and stability in Tajikistan," Karasin said.

Ajello, who stayed in Moscow on March 6-9, is on a mediating mission trying to organize and monitor talks between Tajikistan's government and armed opposition, a task he has been charged with by U.N. Secretary General Butrus Butrus-Ghali.

Ajello voiced support for Moscow as the venue for the next, fourth round of talks and expressed the hope that the opposition's objections to this would be negotiated away and that the delegations would meet at the end of this or the beginning of next month, Karasin said.

For more details see Friday's issue of Interfax Diplomatic Panorama.

Cooperation Talks Held With Indian Officials

LD0903221095 Moscow ITAR-TASS World Service in Russian 1503 GMT 9 Mar 95

[ITAR-TASS correspondents Taras Lariokhin and Aleksey Poroshin]

[FBIS Translated Text] Copenhagen, 9 Mar—Russian-Indian cooperation was at the focus of attention of a meeting here between the Deputy Russian Prime Minister Yuriy Yarov and Indian External Affairs Minister Pranab Mukherjee. The Russian deputy prime minister and the head of India's Foreign Ministry are participating in the work of the World Summit for Social Development which is being held in Copenhagen.

Yuriy Yarov told the ITAR-TASS correspondent that during the talks specific proposals were discussed on speeding up implementation of the joint project on modernization of the port of Novorossiysk within the framework of the Russian-Indian interdepartmental commission on economic, scientific, technical, and cultural cooperation. India will be able to redeem part of the debt it owes Russia by participating in the financing of the project.

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At the same time the issue was raised about the fulfillment of an earlier agreement for India to redeem Russian credit by providing such goods as tea, tobacco, and medical supplies. This is so far proceeding with difficulty, since the mechanism for implementation of the agreement has not been drawn up. In this connection we have outlined a number of priority measures, Yuriy Yarov stressed.

Our dialogue with India's foreign minister will be continued in Moscow in April. I rather think that we shall be able to make our relationship more effective, Yarov said in conclusion.

PRC's Qian Qichen Not Concerned About Russian Situation

LD0903095295 Moscow ITAR-TASS in English 0943 GMT 9 Mar 95

[By ITAR-TASS correspondent Pavel Spirin]

[FBIS Transcribed Text] Beijing March 9 TASS - The "economic disorder" and the "political situation notable for instability" in Russia do not arouse Beijing's concern: China's borders are now more secure that ever since the proclamation of the People's Republic of China in 1949, Chinese Foreign Minister Qian Qichen said during a meeting with Jean-Pierre Elkabbach, president of the France- Television state-run corporation, informed sources told ITAR-TASS on Thursday.

"In the field of economic reform, Russia has gone to radical measures and wanted to do within several hundred days what we have accomplished over a decade. Such a 'shock therapy' resulted in disorder," Qian said.

"Nevertheless, the situation in our border regions is good. It is much better than it has been ever since the revolution," Qian pointed out.

It follows from Qian's remarks that Beijing believes that the safety of borders is reliably guaranteed by the 1991 Sino-Russian treaty, under which Russia and China for the first time in the history of bilateral relations finally determined the run of the common border line.

M. Elkabbach arrived in China to sign an agreement on cooperation between the state television companies of the two countries.

Duma Official Says No Denunciation of 1991 Treaty With PRC

LD0803103795 Moscow ITAR-TASS in English 1014 GMT 8 Mar 95

[By ITAR-TASS correspondent Larisa Beloyvan]

[FBIS Transcribed Text] Vladivostok March 8 TASS— "Nobody wants to aggravate Russian-Chinese relations. Therefore, denunciation of the 1991 treaty on unilateral border delimitation is out of question," Vladimir Lukin, chairman of the State Duma (Russian parliament lower house) International Policy Committee, told a news conference in Vladivostok on Wednesday.

The meeting with journalists which was also attended by chairman of the International Policy Committee of the upper chamber Vladimir Podoprigora, plenipotentiary ambassador of the demarcation commission Genrich Kireyev and Maritime Territory Governor Yevgeniy Nazdratenko, was held right after a conference between representatives from the Maritime Territory administration and Russian Government representatives dealing with demarcation of the eastern section of the Russian-Chinese border and issues connected with it.

The most burning element of the situation around demarcation is the fact that, as a result of the remapping of the borderline, China gains an area in the Khasan district of the Maritime Territory, where the Tumannaya river flows.

On obtaining this river, the neighbouring state will get an access to the Sea of Japan, which, in turn, portends the death of transport infrastructure on the Russian Pacific coast.

The maritime press expressed indignation at a statement by Podoprigora and Kireyev that the Tumannaya is not a navigable river now. Therefore, its transfer to China does not threaten Russia in any way: judging by the present-day Chinese potential, navigability of the river with its two-meter channel is a question of a very short period of time.

Taking into account present-day realities, the position of Russian Government representatives under these circumstances shows their sheer unwillingness to forecast possible consequences from the implementation of the 1991 treaty.

"However, the Maritime Territory does not insist on a unilateral denunciation of the treaty," Maritime governor said. The territorial administration plans to insist on the Russian Foreign Ministry entering further talks with China to make amendments to the initial agreement.

"Not a single inch of Maritime soil will be given to China," clamoured Nazdratenko. He also said that, under the present circumstances, he will defend his present position even if he relieved of his governor's duties.

In the meantime, according to Lukin who visited the Khasan district on Friday and got acquainted with the demarcation process, both topographic maps of the disputable area and the present location of border posts cause many contradictory questions concerning the borderline.

"Demarcation is far from completion, and the situation needs its detailed study and examination by the best Russian specialists," he stressed.

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Rozov Criticizes Lukin's Remarks on Russian-Chinese Border

LD0903133295 Moscow INTERFAX in English 1102 GMT 9 Mar 95

[FBIS Transcribed Text] VLADIVOSTOK, Mar 9 (Interfax-Eurasia)—The situation with the demarcation of the Russian-Chinese border "has turned from difficult into very difficult," declared Major General Vladimir Rozov, leader of the demarcation works on the eastern section of the Russia-Chinese border. In a conversation with Interfax he made his comments on the press conference of Chairman of the State Duma Committee on International Affairs Vladimir Lukin and Primorye's Governor Yevgeniy Nazdratenko on the issues of demarcation of the Russian-Chinese border.

In the course of the press conference held Wednesday there appeared contradictions between Lukin and Nazdratenko concerning transfer of part of the Russian territory near the lake of Khasan to China in accordance with the 1991 agreement. In Lukin's words, the Russian president should finally solve this issue.

Due to the appeared contradictions it is necessary to again analyze arguments of the leadership of the Primorye territory, Rozov underlined. He also reported that a Chinese delegation is to come to Vladivostok in several days to coordinate works on demarcation.

Lukin was staying in Vladivostok in the composition of the commission of representatives of the State Duma, Federation Council, and Russia's Foreign Ministry who were examining problems related to demarcation of the Russian-Chinese border.

Lukin Warns Denunciation of PRC Border Agreement 'Suicidal'

LD0903210195 Moscow INTERFAX in English 1928 GMT 9 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 9 (Interfax)—There must be no question of denouncing the 1991 Russian-Chinese border agreement, if Russia does not want "another enemy, the multi-billion China," said the chairman of the State Duma committee for international affairs, Vladimir Lukin, of the Yabloko faction, upon his return from a three-day trip to Primorye territory.

According to Lukin, the agreement represents a major achievement, because it put an end to prolonged disputes over the issue and China's claims on our territory. This is why the document was unanimously ratified by the Russian Supreme Soviet, he added.

Lukin recalled that the Primorye administration had no remarks on the demarcation of the Russian-Chinese border in 1991, while it does now.

At the same time, Lukin is convinced that if the administration has weighty grounds and information on the wrong demarcation, this must be taken into account.

Referring to the international committees of both houses of the Russian parliament, Lukin emphasized that "the border must be demarcated so that to lose as few hectares and centimeters as possible, but the denunciation of the agreement with China and the creation of another enemy will be a crime, it would be not only non-patriotic, but also suicidal and masochistic."

The parliamentary delegation will soon report its findings to the State Duma and the Russian president, Lukin said.

Japan Reluctant To Invest in 'Burlak' Shuttle System

MM0903152295 Moscow Russian Television Network in Russian 2000 GMT 22 Feb 95

[From the "Vesti" newscast: Video report from Tokyo Air Show by V. Vinogradov, identified by caption; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[FBIS Translated Text] [V. Vinogradov over video of Tokyo Air Show] Despite not ranking among elite shows, the international Aerospace Show in Tokyo tends to attract many producers of military and civilian aircraft equipment. This is because Japan, which essentially does not have its own aircraft industry, is a very alluring potential buyer. Furthermore, the nearby young dragons of Southeast Asia are also potential consumers, ready to spend money on good hardware.

However, there were no sensations at this show, despite the fact that Russian design bureaus and plants, which caused a furore in the Near East and at Le Bourget, were taking part. The Japanese are viewing our country with much caution, and even despite the obvious superiority of our equipment, give preference to traditional partners from the United States and Europe.

In the wake of the United States and Russia, Japan is working on the development of its own space shuttle. However, its launch program does not look very promising, owing to constant problems with the engine.

Unfortunately, our people were waiting in vain for Japanese investments in the new, promising reusable space system "Burlak" which is based on the supersonic Tu-160 aircraft and the Il-76 AWACS flight control system. The Japanese came, took photographs, marvelled, but kept their purses firmly closed. [video shows general air show footage and closeups of model components of the "Burlak" system]

Russia, Japan To Start Talks on Fishery Cooperation

LD1003180995 Moscow ITAR-TASS in English 1716 GMT 10 Mar 95

[By ITAR-TASS diplomatic correspondent Vladimir Solntsev]

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[FBIS Transcribed Text] Moscow March 10 TASS— Over a year after Moscow proposed to Tokyo to conclude an agreement on cooperation in fishing near South Kurils islands, senior officials from ministries and departments of the two countries, for the first time, will sit at the negotiating table on this problem.

The purpose of the talks is to "reach an effective agreement, helpful for both sides and for good neighborly relations between Russia and Japan", well informed sources told ITAR-TASS today.

According to these sources, Moscow "proceeds from the fact that the consent of both sides can eliminate or at least relax tension caused by fishing poaching near South Kurils islands".

On March 13-14 only the first round of talks will be held and to forecast their results at this stage would be "premature", these sources noted.

Last year, after Japanese vessels which carried out fishing poaching close by South Kurils, were repeatedly fired on by Russian border guards, during a visit to Tokyo by Oleg Soskovets, first deputy chairman of the Russian government, both sides reached a basic agreement on the beginning of talks.

Early in March, at the talks in Tokyo Russian Foreign Minister Andrey Kozyrev agreed with the Japanese side on the date of the long awaited negotiations.

In an interview with ITAR-TASS, Aleksandr Panov, deputy foreign minister of the Russian Federation, stressed that if Moscow and Tokyo signed an agreement providing Japanese fishermen with the possibility to carry out legal fishing in waters round South Kurils islands on the compensation basis, "this will certainly be a big step forward in all aspects of bilateral relations".

The Russian diplomat believes that the talks will not be easy. "It will be necessary to determine how much fish to allow to catch, how many vessels will go fishing, how to carry out control and separate boats operating in accordance with the agreement from those which will try to continue poaching. There are many issues but we proceed from the supposition that they can be solved," Aleksandr Panov said.

The Japanese government considers South Kurils islands its "Northern Territories". Although official Tokyo recommends Japanese fishermen not to carry out fishing in waters round these islands in order to prevent incidents similar to those in the past, at the same time Tokyo rejects moscow's position presuming that it means intrusion into Russian waters.

Neither the Russian side nor the Japanese one reveal details of their standpoints before the beginning of the talks.

At the same time Vyacheslav Zilanov, deputy chairman of the Russian Committee on Fishery, stressed in an interview with ITAR- TASS: "we will proceed from the interests of Russian fishermen so that not a single job is lost". According to Vyacheslav Zilanov, "Russia has no superfluous resources".

"We can talk about cooperation on the basis of the principle of mutual advantage, full observance of rules of fishing and preservation of fish resources," Vyacheslav Zilanov noted.

The deputy chairman of the Russian Committee on Fishery believes that cooperation may have different forms including the establishment of joint ventures or joint operations. He also gave to understand that Moscow was prepared to consider positively the Japanese side's proposals on cooperation in the restoration and increase of fish resources near South Kurils islands.

According to date from marine forces of the Russian border troops, in 1994 more than 700 fishing boats violated the state border of the Russian Federation in Far East waters, most of them were Japanese vessels.

At the same time from the beginning of this year "practically there were no violations" by Japanese vessels in the area of South Kurils islands and separate attempts to enter into Russian waters were of an "isolated character", a spokesman for Information Agency of the Federal Border Service of Russia told ITAR-TASS today.

Russian border guards believe that this is connected first of all with resolute efforts to prevent poaching made in keeping with Russian legislation.

Philippines Expresses Interest in MiG-29 at Arms Fair

LD0903093695 Moscow ITAR-TASS in English 0858 GMT 9 Mar 95

[By ITAR-TASS correspondent Stanislav Bychkov]

[FBIS Transcribed Text] Singapore March 9 TASS— Philippine Defence Minister Renato S. de Villa has highly appreciated the qualities of the Russian versatile fighter plane MiG-29.

Upon familiarising himself with the technical systems and armament of the aircraft on Thursday and watching it in demonstration flights, the defence minister said he admired the "maneuverability and might" of the plane, a spokesman for the Moscow Aircraft Production Amalgamation (MAPO) has told ITAR-TASS from Manila.

The plane was displayed by the MAPO within the framework of the current international arms fair in the Philippines. Apart from various Russian defence industry products, on view at the fair are missiles and air defence systems from China, Kfir jet-fighters and air-to-air missiles from Israel, Exocet missiles from France, and armaments from the United states, Ukraine, and South Africa. In all, 14 countries are participating in the fair.

The MiG-29 aircraft generates the greatest interest. The aircraft makes demonstration flights at Villamor air base

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located near the city of Pasay every day. On the opening day, the plane was flown by a Philippine pilot who had underwent training in Russia.

Last year, Malaysia purchased 18 planes. The military from Southeast Asian countries have also shown interest in the MiG-29. To MAPO, the Manila fair provides "a fine opportunity to show its products at their best", the MAPO spokesman said.

In February, President Fidel Ramos of the Philippines signed a programme for the modernisation of the Philippine Armed Forces, with 2,000 million U.S. dollars allocated for the first five years of the programme's implementation. Provision is made for a radical renewal of the arsenal of all armed services.

The country is in need of an army "capable of ensuring the sovereignty and territorial integrity of the republic," the president emphasised.

Following the wind-up of the U.S. military bases at Subic Bay and Clark Field in 1992, the Philippine Government came to be faced with the task of radically reforming the 160,000-strong Armed Forces.

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Political Issues

Chernomyrdin Submits Chechnya Action Plan to Yeltsin

LD1403141795 Moscow ITAR-TASS in English 1353 GMT 14 Mar 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Transcribed Text] Moscow March 14—President Yeltsin and Prime Minister Chernomyrdin held their regular weekly meeting today. Chernomyrdin submitted to the president a government plan of actions, aimed at settling the Chechnya crisis by peaceful means.

The detailed plan includes four main items, Valeriy Grishin, deputy head of the Government Press Service, told ITAR-TASS. These are: the completion of measures for stopping the activities and disarming illegal armed groups both of Dudayev's supporters and of the forces, which are in opposition to him; measures for guarding vitally important facilities on the territory of Chechnya, restoration of law and order in the republic; the holding of a dialogue with the elders and with representatives of populated localities, aimed at expanding peace zones in Chechnya, as well as the rendering of assistance to Salambek Khadzhiyev's National Revival Government and the National Accord Committee, which is being created in the republic, in bringing humanitarian cargoes, rebuilding the destroyed economy and preparing free elections in the Chechen Republic.

Grishin told ITAR-TASS that on Wednesday First Deputy Prime Minister Oleg Soskovets, who is the chairman of the State Commission for the Restoration of the Economy and the Social Sphere of the Chechen Republic, would hold a hot-line telephone conference with regions of Russia at the Ministry of Communication, which would be devoted to the problems of Chechnya. On Thursday Prime Minister Chernomyrdin will convene a regular meeting of the public council under the prime minister for settling the situation in the Chechen Republic.

Endorses Plan for Chechnya Settlement

LD1403162395 Moscow INTERFAX in English 1452 GMT 14 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 14 (Interfax)—Russian Premier Viktor Chernomyrdin endorsed at the president's request a plan of measures for settlement in Chechnya.

Announcing this at the conference "Peace Initiative in the Caucasus" that opened in Moscow Tuesday, Deputy Premier Sergey Shakhray revealed that the plan provides for setting up at the initial stage "zones of mutual non-use of force," non-aggression zones where troops will be disarmed.

Reporting that the creation of such zones is being negotiated in some areas, he regarded their formation as "a necessary condition for settling the conflict" and stressed the need for defining their status.

On Chernomyrdin's behalf, Shakhray reiterated all guarantees on a cease-fire and disarmament, given by the Russian government.

The second stage envisages peace talks on the level of the local and republic authorities, Shakhray stressed the special importance of mediator participation in these negotiations.

The plan is to be crowned with democratic parliamentary and local elections and nomination of Chechen candidates to the Federation Council.

The plan also provides for "a national accord committee" to be set up to act as an executive branch, pending elections in Chechnya.

Concerning a referendum on the status of Chechnya, Shakhray stressed that such a vote "cannot contribute to settling the situation once and for all."

Russia's government, Shakhray reported, is offering to resolve this problem by concluding a treaty on the delimitation of powers between the federal authorities and Chechnya's leading bodies and by signing a treaty similar to that reached between Russia and Tatarstan.

In a letter to participants in the conference, Chernomyrdin once again pledged "support for any steps toward ending the tragedy (in Chechnya - IF)."

Filatov: Dudayev Not To Take Part in Peace Talks

LD1403181195 Moscow INTERFAX in English 1712 GMT 14 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 14 (Interfax)—Head of the Russian presidential administration Sergey Filatov has ruled out the possibility that Dzhokhar Dudayev could take part in the talks on a peace settlement of the Chechnya conflict.

Filatov told Interfax that it must be taken into account that "Dudayev brought the situation in Chechnya down to global-scale human rights violations."

Filatov pointed to the importance of the conference Peace Initiative in the Caucasus in Moscow. To achieve accord, "much time and wide-range propaganda are required," he added.

The main goal today is to prevent the conflict's spread to other cities and villages, because many are interested in spreading the Chechen war all over Russia, Filatov said.

Yeltsin Sends Letter to Caucasus Peace Conference

LD1403181295 Moscow INTERFAX in English 1712 GMT 14 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 14 (Interfax)—Russian President Boris Yeltsin has sent a letter to

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a current conference in Moscow with the theme of "Peace Initiatives in the Caucasus."

In the letter, delivered to the delegates by his chief of staff, Sergey Filatov, Yeltsin expressed the hope that the conference, opened Tuesday, "will give an impetus to other peace initiatives and help the peoples of Chechnya to revive their republic on the lines of law and order, restore the economy destroyed by the regime of (Dznokhar) Dudayev and lead Chechnya out of the abyss into which that regime has led it."

The situation in the region remains grave, and so "a very important role is played by the words of political, religious and public leaders, all those who will be able to help to surmount the crisis, which has become a severe test for our young democratic statehood," says the letter.

"Democracy holds out no promise of an easy life for citizens. It does not relieve them of problems, but it must defend them and guarantee the observance of the Constitution and the rule of law," the president continues.

Forums like the present one "materialize the rights of citizens to handle affairs of state, including the resolution of crises and conflicts, and make it possible to embody this right in specific practical initiatives," Yeltsin says.

Dudayev Aide: Chechnya's Reintegration Into Russia Possible

LD1403181695 Moscow INTERFAX in English 1712 GMT 14 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 14 (Interfax)—Dzhokhar Dudayev's emissary Khamad Kurbanov has said in Moscow that negotiations on the principles of Chechnya's integration in Russia are possible. He was speaking at a conference called "Peace Initiative in the Caucasus" Tuesday. He made the statement after a brief walk-out staged by Dudayev's supporters in protest against the speech by the head of Chechnya's government of national revival Salambek Khadzhiyev.

Kurbanov said, though, that any talks will be possible only after a cease-fire has been achieved and all Russian troops removed from Chechnya. He said that Dudayev as a "trainee of the Soviet and Russian army possesses the best human qualities, including the ability to carry on".

Kurbanov said that negotiations should be conducted only with the leader of the Chechen people, namely Dudayev. Kurbanov said that the conference in Moscow was another link in the chain of events that led to the Chechen conflict. He said it was cynical to hold such activities at a time when Chechen communities were being bombed and shelled.

Dudayev's emissary said that he no longer deemed it possible for himself to be present at the conference and left the hall with his five or six associates.

Peace Conference Adopts Plan for Chechen Settlement

LD1403225795 Moscow ITAR-TASS World Service in Russian 1705 GMT 14 Mar 95

[By ITAR-TASS correspondent Igor Belskiy]

[FBIS Translated Text] Moscow, 14 Mar—Participants of the "Peace Initiative in the Caucasus" conference, which is being held here, today approved a plan for a gradual settlement of the Chechen crisis. The plan outlines several stages in resolving the crisis, including the cessation of hostilities, humanitarian actions, a transition to a peaceful settlement of the conflict and purely a peaceful settlement in the Chechen Republic, and in the final stage, preparations for the signing of a treaty on the division of powers between the Russian Federation and the Chechen Republic, like the one signed between Russia and Tatarstan.

According to the plan, mediators from among deputies of the Federal Assembly, top officials of the Federation's component parts, and representatives of public and human rights organizations will take part in the implementation of the first three stages of the settlement. The documents stress that simultaneously with that, preparations will be held for an all-Chechen "round table" on the settlement of the crisis and elimination of its consequences.

The conference proposed that the Russian Government should "recognize what is happening in Chechnya as an armed conflict of a non-international nature."

The conference also put forward a concept for implementing a five-stage settlement plan. For example, the cessation of hostilities includes the setting up of a military commission that will conduct talks and will consist of representatives of the federal troops and armed formations under Dudayev's control. The sides will undertake to "seek to bring about a total cease-fire in the shortest possible time and set up a mechanism to monitor this condition," the document says. It is proposed that the warring sides withdraw their forces to mutually-agreed positions and Dudayev's formations lay down their arms under the observation of the military commission. The conference proposed that the sides involved in the conflict monitor the implementation of the achieved agreements in their sections. It is thought that all this will bring about a total cease-fire. The conference set up a mediatory commission for holding consultations with all interested parties, including Russia's top leadership. The commission consists of representatives of various creeds, top officials of the Federation's components parts, and Sergey Kovalev, the chairman of the Human Rights Commission under the Russian president.

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Yeltsin To Launch 'New Initiatives' for Peace in Chechnya

LD1403174495 Moscow INTERFAX in English 1712 GMT 14 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 14 (Interfax)—President Boris Yeltsin is to make public, through the media, new initiatives on a peace settlement in Chechnya, Russia's Deputy Prime Minister Sergey Shakhray announced in an exclusive interview with Interfax Tuesday.

According to Shakhray this move was preceded by the discussion of "various options of settling the conflict" at a meeting between Boris Yeltsin and Prime Minister Viktor Chernomyrdin in the Kremlin Wednesday.

Shakhray refused to divulge the essence of the new proposals or comment on them. He only reported that they are largely based on the plan of measures toward a settlement in Chechnya, endorsed by Chernomyrdin.

Abdulatipov on Need for Nationalities Policy

MM1503102995 Moscow NEZAVISIMAYA GAZETA in Russian 14 Mar 95 p 3

[Account, tagged "Verbatim," of undated message from Federation Council Deputy Speaker Ramazan Abdulatipov to Russian Federation President B.N. Yeltsin under the "Ideas and People" rubric: "Russia's Nationalities Policy Must Be Honest and Democratic"]

[FBIS Translated Text] Esteemed Boris Nikolayevich, I am writing to you, having carefully read through your message to the Federal Assembly. It impressed me with its realistic vision of many of the acute problems of the country's development. It was that much more annoying to see that the message lacked a separate section devoted to the status of federal and interethnic relations and to the guidelines of state policy in this most complex sphere of social life in the multinational and multicultural Russia. Therefore, I would like to draw your attention to some of what I perceive to be priority problems of federalism and the development of nations and nationalities relations, and the priorities of nationalities policy stemming from them. Allow me to use for this purpose the only constitutionally prescribed form of addressing you—a message.

You emphasize quite fairly and, I must say, consistently that our society has taken the path of federal development. It must be noted in this context that at least three trends have emerged recently in the development of federalism and interethnic relations. They can also be traced in the political reaction to events taking place in the country.

On the one hand we have a desire for, if I could use the expression, de-ethnization, "abolition of nationalities," and disbandment of national formations in Russia, for the organization of federal statehood along purely territorial, gubernia-style lines and, on the other hand, a desire to exploit recent events for fanning a fresh wave of ethnic separatism and further ethnization of political institutions and processes at local level. Finally, we have the actions by people who are clearly aware of the dangerous consequences of such extremely one-sided approaches in the conditions of such a multinational country which—and this is the main point—has such rich traditions of ethnic life and of organizing interethnic cooperation within a unified state.

Having been close to you for almost five years now, I am convinced that, in contrast with many figures at the federal center, you possess an awareness of the complexity, delicate nature, and vital importance of the questions of federalism and nationalities relations for Russia. I will try to illustrate this idea by examples.

You were, without any doubt, the first to promote the idea of the Federation Treaty, although afterwards you had to apply considerable efforts in a struggle against your entourage in the process of finally agreeing and signing the treaty. That was the first democratic document ensuring the country's unity and going a long way toward halting the "sovereignty bandwagon." Russia was thus saved from disintegration. Unfortunately, this document was not followed by the appropriate federal policy, but more about this later.

You were the first among the country's top leaders to offer an apology to repressed and deported peoples for the violence committed against them by the state in the past. After all, these people were dubbed criminals at the beginning, and they were deceived for 50 years thereafter. You showed understanding for the complex situations developing in Tatarstan, Bashkortostan, Tuva, Karachay-Cherkessia, Kabardino-Balkaria, and Sakha (Yakutia). The main point is that you showed patience, you did not take any hasty steps although you were subjected to frenzied pressure to do so, and you found ways for political settlement of problems emerging there as regards relations with the center and their internal relations, settlement which met the interests of the republics themselves and of the Russian Federation as a whole. Your tough decisions halted the transformation of krays and oblasts into republics using the means of referendums, which was in fact deception of people and demagogic arguments about the inequality of [Federation] components. In this case we were no longer facing separatism within Russia but the dismemberment of the Russian nation itself, which is spread so widely across former Union republics and across the republics and autonomous formations of Russia itself. I recall how, back in the past, you responded sharply to the concept of nationalities policy suggested by the State Committee for Nationalities Policy, a concept which was built on rejection of the nationality principle of forming the Federation components. Furthermore, instead of nations, the concept envisaged proclaiming some sort of confederacy [sograzhdanstvo] from Moscow. You rightly appraised this approach as the proclamation of war inside the country. In addition, the Russian state—and therefore you as well—demonstrated unprecedented patience toward Dudayev's activity over a three-year period.

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Against the background of all this, I—and I am probably not alone in this—find it hard to comprehend why you have so far failed to precisely define the priorities of nationalities policy, and how you permitted the gross and totally unprepared action in Chechnya which operated against Russia and against Chechnya, and not at all against Dudayev. Evidently, this was an expression not only of patience but also of some kind of indifference, of lack of political professionalism.

It seems as if you were persuaded that it would only take about a week to restore constitutional order. Someone must have really wanted to put everybody else in their places—Dudayev, the Chechens, all "persons of Caucasian nationality" in general, and, of course, all the "smart" specialists. You are quite right in saying that measures should have been taken a long time ago. This was realized by everyone. I had occasion to both write to you and talk to you in person about this. But not such measures.

But what is the point in talking about this now. We are all to blame for this tragedy. Now it is extremely important to demonstrate that the Russian state has not only the intention but also the potential, the strategic objectives of a different, a truly democratic nationalities policy.

Esteemed Boris Nikolayevich! The latest events have shown that there is still the danger of focusing attention on considerations of current and short-term benefits in this most complex sphere of Russian society's life, because there is a vast number of "advisers" who, in my view, are simply unaware of the existence of sociocultural phenomena like nation, national dignity, and national traditions. Russia ceased being an "ethnographic protoplasm" and "Kaluga dough" a long time ago—it is high time they realized this.

A host of advisers have been pushing you and continue to push you toward a model of federal building which has no room for nations with their specific interests, including the Russian nation. Some people will never get rid of the perestroyka itch. And yet it is important to realize that people and the peoples are tired of all this, they are tired of permanent vagueness. We cannot go on shaking the foundations of their life day in and day out. Even Nobel Prize winners have gotten involved in this work. It is necessary to let the traditional forms of peoples' and territories' organization grow firm roots, and implement reforms in essence.

In practice, the absence of clear-cut political guidelines and of a consistent and predictable nationalities policy turns into total indifference toward the fate of nationalities and crude actions towards them. We are now paying in blood in Chechnya for the past indifference, lack of attention, and diktats in nationalities relations.

It must also be emphasized that any indifference and crude interference in the nationalities question in Russia turn against the Russians. We must bear this in mind. Hence one of the main tasks of nationalities policy—not to permit such interference either by the state or by the next Dudayev. This cannot be accomplished without a nationalities policy with clearly defined and agreed priorities. To this day we have failed to demonstrate to the peoples of Russia the pannational ideas and the politics, economics, morality, and leaders, attractive for all peoples of the country, around which they ought to rally. This is a very dangerous situation. In this situation, we are left with only one ministry whose task it is to ensure the country's integrity and unity—the Ministry of Defense. Soldiers are suffering as a result of politicians' shortcomings. It is necessary to ponder these fundamental questions of Russian life and Russian statehood. It is necessary to rally [sobirat] the fatherland.

Our misfortunes in interethnic relations are not at all due to the fact that the Russian Federation includes republics and autonomous formations, as some people claim from sundry rostrums. If we had, they say, states as in the United States, or laender as in the FRG, or guberniyas as in the Russian Empire, all our worries would vanish. This is a prejudiced approach. As if—had there been a Sunzha Guberniya instead of the Chechen Republic—there would have been no ethnic conflicts there. The peoples can see through the hidden logic of such claims: Russia needs Chechnya, Chuvashia, Tuva, and Kalmykia, but it does not need the Chechens, the Chuvash, the Tuvans, or the Kalmyks. In some places there is uncertainty as regards the future of one's own people.

And what about the arguments about who is feeding whom. If we live in a single state, then it ought to pursue a policy preventing such phenomena. In any case, a unified state must have within its framework common and mandatorily observable standards of social services accessible to everyone, regardless of his nationality or the territory where he lives. These parameters, which are fundamental for human rights, are actually breached today. Today the living standards of Russians, Dagestanis, Ingushes, and Chechens in Ingushetia and Dagestan are only half as high as the living standards of people living in Krasnodar and Stavropol. Why are the ardent champions of human rights silent about this? If we are incapable of observing these standards, this our state's fault, not the fault of the Ingush, Tuvan, or Russian who is subsidized by the center. This has nothing to do with the nationalities question, this is an economic question. And the national or ethnic element does not make up even one-tenth of the content of all these so- called ethnic conflicts. I am convinced that, even in this situation, all peoples and territories associate their national development with the Russian Federation, with peaceful and friendly life within the united family of Russian peoples. There is no alternative. And the state must pursue a balanced and equalizing policy, have its clear-cut and official say, and provide guidelines. After all, it must be borne in mind that, even in the gravest of circumstances, the attitude toward the state in our country has always been special, and the overwhelming majority of Russians are state-minded.

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I am a convinced supporter of Russia's preservation as a united and integral multinational state. I have no doubts that, for example, my native Dagestan's being a part of Russia offers hudredfold more opportunities for genuine, rather than formal, self- determination and for the preservation of its ethnic originality, than its transformation into a Mickey-Mouse state which is autonomous only in appearance. After all, when we Dagestanis, or any other people in Russia, are part of it, we are backed by the might and dignity of a great and mighty state and the support of the Russian people. All 33 peoples of Dagestan, together with the Russians and the other nationalities, have self-determined themselves in their own collective statehood, the Republic of Dagestan, but they have primarily self-determined themselves in a collective statehood at a much higher level—the Russian Federation.

The national-chauvinists are unwilling to see this. Some figures at the center implant in Russia's mind the wild idea that the Russians do not have their own statehood. If we Dagestanis perceive the Russian Federation as the main form of our statehood, it must surely be obvious that the Russian Federation is the historical statehood primarily of the Russian nation. This is how it was, this is how it will be. It is important that the Russians realize this first and foremost. Because misunderstandings are always exploited to fan interethnic enmity and distrust and to wage struggle against nationalities, something in which even leading politicians in our country engage. The state's official policy is not defined in this sphere, either. The following is very topical today for all peoples of Russia, especially for the peoples of the republics and autonomous formations: What conclusions are being drawn from the tragedy in Chechnya? What policy is being offered today by the federal center? It is keeping silent, because each leader and each politician speaks his own mind. In this process, the chauvinists and nationalists are operating openly and brazenly.

Thus, the main reason why Russia's multinational character has turned from the source of its strength into a factor of its weakness and instability is, in my view, the absence of thoroughly thought- out and precisely formulated nationalities policy. The old [nationalities policy] collapsed because of its inbuilt inconsistency (although it did contain some positive elements), and a new one is yet to be created. Over the last two years there has been a noticeable tendency to replace nationalities policy by regional or any other policy. This tendency is also noticeable in both your messages. But a regional policy without specific ethnic groups and components of the Federation is, at best, a methodological abstraction. Specific ministries and departments can have a regional policy, a regional policy could provide the state's overall fundamental position, but it is absurd to have a ministry of regional policy. What is the meaning of a region in our conditions? Is it a separate component or an economic zone? What general regional policy can be deduced from the fact that Krasnodar Kray and Ingushetia are in the same region? None whatsoever. They are totally different in all regards. These are the old approaches. We need a completely new classification of Federation components: not along formal national or territorial lines, but along substantive lines.

The Western experience of state building is being imposed on us, an experience based upon assimilation, frequently including assimilation by force. It is our unique feature that, over the centuries, almost 150 peoples have lived and continue to live here, preserving their ethnic originality, their cultures and languages. This is the greatest example of humanism, set primarily by the Russian nation. Whether people like it or not, reality is such that many of these peoples do have their own national statehood or autonomous formation. Without, incidentally, bothering anyone and being largely of a ritual nature. After all, many of them had their own statehood centuries before becoming part of Russia. It must be said that, for the Russian peoples, collective ethnic rights today still mean as much as, if not more than, human rights, even though the latter's long-term priority must be recognized. At least in Russia human rights have not become, and are hardly likely to become in the immediate future, the absolute value they have become in the West, where this was actually achieved by destroying entire peoples and tribes while supposedly "sacredly observing" the commandments of humanism. The Russian nation, thank God, has been historically spared such hypocrisy. True enough, some people wish to remedy this "shortcoming" today.

The stability and prosperity of peoples in the country, of all Russia, depend to a decisive extent on the prosperity and national awareness of the Russian people. It was the Russian people who ended up hurt and humiliated by the collapse of the Soviet Union. The first to accurately sense and exploit this was V. Zhirinovskiy, who tried to climb to the summit of power on a stallion called "Russian chauvinism." But why did the responsible politicians fail to promptly notice the changes in Russian people's minds? Why is it that, even today, many politicians, current affairs writers, and journalists continue, with a diligence worthy of better application, to focus on Russia's "Westernization" and to equate any—including the perfectly natural and healthy—manifestation of Russian self- awareness and Russian patriotism with fascism? Why is it that the Russian patriotic principle, which has always saved Russia even in the hardest of times, has been hijacked either by extremists, so- called national-patriots, and "strong-state" advocates like N. Lysenko, A. Vedenkin, and V. Zhirinovskiy, or by second-rate imitators.

To put it briefly, we need to immediately and fully restore nationalities policy as the most important autonomous avenue for the Russian state's activity, and not as a forced measure for work with ethnic minorities which "hinder" the state's development. This is not true. It is annoying, esteemed Boris Nikolayevich, that in your second message this policy either has been consigned

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somewhere at the tail end of general discussion of civic rights and freedoms or has been reduced to justifications of the use of force in Chechnya. But it would be even worse if it were to remain there when it comes to the practical activity of the state and the president who heads it. It is necessary to take a clear-cut stance.

In my view, the conceptual foundations for such a policy have been laid in general terms. Way back in 1992, the Soviet of Nationalities elaborated and ratified a concept of nationalities policy, having agreed it with the republics, krays, oblasts, and autonomous formations, but politicians with no nationality sense at the center successfully "sunk" it. At that time I requested 2 billion rubles for its elaboration and implementation as a federal program. And the main programs for the restoration of the cultural- historical and natural environment of ethnic groups were earmarked for Rostov Velikiy, Tver, Suzdal.... The money was not forthcoming. And how much is being wasted today on overcoming the consequences of interethnic conflicts? Nationalities policy is a question of the spiritual self-awareness, cultures, and languages of peoples. It is a fundamental question of Russia's originality.

A large collective of authors, including scientists, specialists, and functionaries from virtually all over Russia, has prepared a new version of the concept of a state program for nationalities policy, taking into account the latest realities in this sphere following the adoption of the Constitution. I personally handed it over to you, esteemed Boris Nikolayevich. You issued instructions, but everything has gotten bogged down in bureaucratic structures which - - and know I know this beyond all possible doubt—are simply allergic to everything associated with nations, nationalities relations, and nationalities policy. Their ideal is unitarism and unification, a confederacy [sograzhdanstvo]. Incidentally, this idea was included in your last message. It is important to realize the following: In order to unburden state building from the ethnic principle, it will take decades of patient and skilled work to harmonize interethnic relations which were deformed by the collapse of the USSR and the latest revolutionary intervention in the life of nationalities. To accelerate the process of establishing a confederacy would mean acting like the bolsheviks who hastened the fusion of peoples.

At present the country lacks a coordinating center for legislative and executive liaison on nationalities policy. The Soviet of Nationalities provided such a center in the former Russian Federation Supreme Soviet. Today's Federation Council was composed on the principle of component, rather than national, representation. The State Duma was composed on the mixed principle of party- political and component representation. About 50 percent of State Duma members are Muscovites. I can assure you that the present Federal Assembly will not adopt, it is incapable of adopting a single fundamental law on questions of federalism and nationalities relations, even though society needs such laws really badly.

In the sphere of executive power, nationalities relations have been assigned to two structures. The Ministry for Nationalities Affairs and Regional Policy is in charge of them in the government. It also looks after the affairs of the North. Evidently, the main question does not concern nationalities but credit and other allocations. After all, entire regions inhabited by small peoples in the North, Siberia, the Far East, and the Caucasus have already become areas of ethnic calamity. This ministry ought to deal only with nationalities affairs, not with all the rest. Let alone the fact that, during the five years of the Ministry for Nationalities Affairs' existence, there have been three ministers and the incumbent Minister N. Yegorov is the fourth. Is this the way to run things? The ministry is constantly restructuring itself without any clear-cut concept of its activity. Today it is again at the reform stage. And the important point is that almost each one of the ministers—not of his own free will, I realize this—has deemed it his duty to don a military uniform and give interviews to journalists against the background of tanks, armored personnel carriers, and armed soldiers. Is this the way to set them up? This ministry's purpose is to show concern for the welfare of all nationalities, to show concern for their innermost rights and interests. It must one of the main ministries in multinational Russia. Had it been functioning properly, we would not have lost the propaganda duel with Dudayev and the West. National spirituality, culture, and traditions are being dictated by the castoffs of Western culture—mass culture. Why are Russian radio and television not Russian? Why are the ideals of depravity, cruelty, and indifference being foisted upon us? The West has already learned to protect society from such "values." The content and style of our media's coverage of the problems of national cultures and nationalities relations are a disgrace! For three years the Soviet of Nationalities struggled to ensure that the newspaper FEDERATSIYA really became the newspaper of Russia's peoples. Now it has been de facto destroyed. We also started producing television programs about nationalities policy, but this has also come to an end. (...) [ellipses as published]

There is another exceptionally important and highly delicate factor for our multinational state—the ethnic composition of the corps of leadership cadres. Boris Nikolayevich, how many representatives of ethnic minorities are there in your entourage, in the presidential apparatus? Among the vice premiers and ministers? In the diplomatic corps? Among the officers and generals? Should we wonder at the "boomerang effect"—Russians are being squeezed out of leadership positions at local level. Who needs this policy? A cadres policy, well thought out along nationalities line, is not a formality or a return to the "selection and placement of cadres" in the style and likeness of the CPSU, but a mobilization of talents which are to be found in each people, and I emphasize: in each one. Let us recall that U.S. President B. Clinton, on coming to power, openly

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proclaimed and made efforts to ensure that his administration's composition should reflect as fully as possible the country's ethnic mosaic. In our country (the territory of the former Union), however, people become presidents on the strength of inhuman nationalism and Black-Hundreds chauvinism. You, by the way, and this does you credit, may be the only exception in this regard. But such a danger is looming also over Russia.

Unless the necessary measures are taken, we will come up against tragic consequences for our multinational fatherland. (...) [ellipses as published]

In conclusion, let me make several suggestions:

—to single out the questions of federalism, nationalities relations, and nationalities policy as priority avenues in the activity of organs of federal power and components of the Russian Federation, and to assign an appropriate role in the government's structure to the Ministry for Nationalities Affairs, relieving it of all other functions;

—to set a quota representation for the country's main nationalities and Federation components in the relevant representative organs of power;

—to urgently finalize and ratify by edict of the Russian Federation president the concept of the Russian state's nationalities policy, giving the relevant instructions to the government and the Federation components to elaborate federal and local programs for national development and interethnic cooperation;

—to create conditions for competent coverage of the problems of federalism and nationalities relations by television, radio, and special print organs;

—to create a special Council for Problems of Federalism and Interethnic Relations Under the Russian Federation President;

—to prepare the necessary amendments to the Russian Federation Constitution, namely:

—to introduce the mixed principle for forming the Federation Council not only from among representatives of the organs of executive and legislative power as provided by the Russian Federation Constitution, but also by electing one independent deputy from each Federation component to directly represent the interests of voters of nationalities in the territory in question;

—to provide for mandatory consideration by the Federation Council of all draft laws on questions of interethnic relations and federal building subject to their being approved by two-thirds of Federation components;

—to define a mechanism for coordinating in advance with the Council for Problems of Federalism and Interethnic Relations Under the Russian Federation President all edicts concerning questions of nationalities policy and federal building;

—to enshrine in all laws on elections norms providing for the toughest possible sanctions, right up to and including exclusion from lists of candidates, against those who propagandize the supremacy of one nationality over another, or interethnic dissension and enmity;

—to introduce the office of the Russian Federation president's plenipotentiary representative for nationalities affairs, assigning to him the function of monitoring the observance of the rights of nationalities on Russia's territory in compliance with ratified international acts and Russian Federation laws on the rights of nationalities and men along ethnic lines, as well as the function of monitoring the implementation on Russia's territory of laws and other normative acts affecting the life of nationalities, their federal structure, the development of national cultures and languages, and the preservation of the environment and the traditional forms of economic activity. Furthermore, he should be assigned the task of representing the Russian Federation president's interests in these matters inside the country, in international organizations, and in procedures for the prevention and settlement of interethnic conflicts and for the observance of human rights along nationalities lines.

In conclusion, I would like to say that, despite all the difficulties, I still nurture the hope that Russia will at long last learn to utilize the original potential of its more than 150 peoples for its grandeur and might. I nurture equally great hope that all of the country's smaller peoples will learn to utilize the vast country's and the Russian nation's potential for their own development. And this can be achieved only if we show the greatest of respect for one another and provided there is democratic cooperation between peoples, and therefore between representatives of all nationalities in Russia. This, in my view, is the great objective of the democratic Russian state's nationalities policy, whose purpose is to ensure the prosperity and unity of Russia's peoples and the integrity of the Russian state. Therefore, this policy must be honest, open, and comprehensible for all peoples in the country.

This message has been prompted by anxiety about the status and prospects of Russia's state structure, about the structuring of our peoples within the Russian state, and finally about the state's nationalities policy against the background of highly alarming tendencies in this complex sphere of public life, as well as by a desire to share responsibility with the head of the Russian state.

I hope, Boris Nikolayevich, that you will give attention to the ideas detailed here. They are dictated by sincere concern to ensure that Russia becomes a truly beloved, warm, and bright home for all peoples living in it. They deserve this, because when they speak of Russia they used the most loving and warmest word—fatherland.

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Kozyrev on Yeltsin's Meeting With Foreign Ministry

LD1403190195 Moscow ITAR-TASS World Service in Russian 1735 GMT 14 Mar 95

[By ITAR-TASS diplomatic correspondent]

[FBIS Translated Text] Moscow, 14 Mar—Russia has and will have a place it deserves among the world's leading nations. This premise of the Russian president, Andrey Kozyrev said, was confirmed at today's meeting between Boris Yeltsin and senior officials of the Russian Foreign Ministry. The foreign minister said the meeting had covered all the main directions of Russia's foreign policy—from integration in the CIS framework to issues of the protection of the Russian-speaking population, to relations with NATO, the policy in the East, and links with India, China, and Russia's other neighbors.

He said that under discussion at the meeting were issues of the state's construction as a whole. The minister said that Boris Yeltsin "gave clear-cut instructions to continue with the democratic and economic reforms." Kozyrev stressed that Russia has no imperial ambitions. This was categorically established at the meeting. "But Russia is a great power that occupies and will occupy the place that belongs to her—the place among the world's greatest nations. This premise is very important for us," he stressed.

Among the specific instructions given to the Russian diplomats was to sharply increase long-term analytic forecasts. Kozyrev said that the head of state has unequivocally confirmed "the key coordinating role of the Russian Foreign Ministry" in the implementation of foreign policy.

The president also made a decision to give direct support to the ministry. The decision opens up broad prospects, especially for young personnel. This "powerful support of the professional nucleus of diplomats, and a directive on raising the prestige of the profession and honor of the regimentals is very important for us." Andrey Kozyrev generally described relations between the head of state and the diplomatic corps and its personnel as "a mixture of exactingness and support." Kozyrev said this is precisely what is necessary for the ministry's highly professional and loyal team.

Kozyrev: No 'Fundamental Changes' Planned in Foreign Policy

LD1403194995 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 14 Mar 95

["Exclusive" interview with Foreign Minister Andrey Kozyrev by unidentified correspondent for the "Vremya" newscast on 14 March in Moscow —recorded]

[FBIS Translated Text] In the Kremlin today Boris Yeltsin met senior officials of the Russian Foreign Ministry. The meeting, which had been postponed for technical reasons several times, was held behind closed doors. A detailed analysis of the Foreign Ministry's foreign policy was given and new directions were set out. However, since the foreign policy of Russia falls into the competence of the president, Boris Yeltsin permitted himself to make a few critical remarks, having urged the diplomats to resolve the problem of long-term forecasts and analysis and to learn to propose several solutions to foreign policy problems.

At the end of the meeting, Foreign Minister Andrey Kozyrev gave an exclusive interview to our program.

[Correspondent] Has today's meeting changed or amended Russia's foreign policy in any way?

[Kozyrev] No, there will be no fundamental changes, I think, because the president himself is in charge of conducting foreign policy from day to day. Its directions were set out in the president's message to the Federal Assembly and in other documents. However, corrections and a deeper analysis of certain issues will be carried out. No doubt collegiums, the scientific council, scientists, deputies will be required to be involved, because at present in certain fields, tasks have indeed been formulated in a new way and increased in importance. We want to take a long-term view of these strategic issues. They, of course, require thought, and in this sense, certain corrections will be introduced into foreign policy.

[Correspondent] What areas of foreign policy will be subject to correction, taking into account differences and disagreements with what could be described as our main partners.

[Kozyrev] It is not our task to amend our foreign policy so as to please everybody. Our main task is to make our foreign policy serve and defend the interests of our own country, above all of Russia and the CIS.

Relations with NATO is one of the most complex issues. Admittedly, there is no room for any speculation here. The Russian leadership is unanimous as far as our fundamental approach to the issue is concerned. We object to any hasty and reckless expansion of NATO, which is obstructing partnership. This emphasis and venturing on the reckless and hurried expansion is the main obstacle for the development of the partnership we want.

Yeltsin Decrees Higher Status for Foreign Ministry

LD1503123795 Moscow ITAR-TASS in English 1212 GMT 15 Mar 95

[FBIS Transcribed Text] Moscow March 15 ITAR-TASS—A decree of President Yeltsin has introduced a new status for the Russian Foreign Ministry. The text of the decree was released to ITAR-TASS today.

The statute establishes the Foreign Ministry's subordination as a federal executive organ to the president within areas of presidential competence stipulated by the Russian Constitution or statutory acts.

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The Foreign Ministry will coordinate and control other federal executive organs in the implementation of Russia's cohesive policies in relations with foreign states and international organisations.

The Foreign Ministry passes, within the scope of its competence, normative decisions which are mandatory guides in international contacts of other federal executive bodies, local self-rule authorities, and institutions and organisations of any organisational and legal status and any departmental accountability.

The status of the Foreign Ministry is heightened by the decree's section on deputy foreign ministers, who will be appointed and dismissed by the Russian president.

A high-placed diplomat said in an interview with ITAR-TASS that this clause was an innovation, for deputy ministers previously were rotated by the government.

The diplomat said a strategic problems division is likely to be set up soon in the Foreign Ministry in compliance with Yeltsin's order to upgrade long-term prognostication of foreign political activities.

Importantly for the Foreign Ministry, the decree leaves in place the ministry's network of hospitals and services. The diplomat stressed that these services are eligible for privatisation only by the Foreign Ministry, and the ministry will privatise them.

Businessman Said Killed for Investigating Listyev's Murder

LD1503120595 Moscow ITAR-TASS in English 1151 GMT 15 Mar 95

[By ITAR-TASS correspondent Larisa Kislinskaya]

[FBIS Transcribed Text] Moscow March 15 TASS—According to information from some sources, President of the Republican Union of Businessmen Oleg Zverev and at the same time managing director of the Interatlantik Joint Stock Society who was shot and killed at the entrance to his house on March 13, allegedly headed an independent group investigating the assassination of well-known TV journalist Vladislav Listyev.

ITAR-TASS learnt at the Moscow police department that if this is confirmed, detectives of the Moscow criminal police division, apart from traditional reasons for killings of businessmen—family disputes, revenge and business—will have to investigate also this version connected with the latest notorious crime (Listyev's murder).

However, detectives are inclined to think for the time being that commercial operations were the reason for Zverev's assassination.

Summertime To Start 0200 Hours 26 Mar

MM1403155895 Moscow IZVESTIYA in Russian 15 Mar 95 p 1

[ITAR-TASS report: "Summertime Starts 26 March"]

[FBIS Translated Text] In line with the procedure for calculating time laid down by the Russian Federation Government, "summer" time will operate in the country during the period 26 March through 24 September 1995. In accordance with this, the hands of clocks throughout the Russian Federation will be advanced one hour at 0200 hours on 26 March 1995, ITAR-TASS reports.

Military & Space Issues

General Gromov: Grachev Guided by 'Desire for Vengeance'

BR1503123095 Paris LE FIGARO in French 15 Mar 95 p 6

[Article by Laure Mandeville: "Grachev Lays Into Gromov"]

[FBIS Translated Text] "Hello, is this the office of Deputy Minister Boris Gromov at the Russian Defense Ministry?"

"Umm, yes..."

"Is it true that Deputy Minister Gromov has recently been kicked out of his office on the orders of Minister Pavel Grachev and that his officers are refusing to leave?" "That is a slight exaggeration. General Gromov's officers are simply moving out and looking for another office..."

"But are you a member of his team?"

"Umm, no... I was just passing by."

This telephone conversation yesterday between LE FIGARO and a ministry official confirmed the both implacable and absurd struggle being fought out at the top of the military hierarchy. The defense minister is laying into his deputy minister, trying to deprive him of a place to work! The deputy minister, however, is resisting, as the Russian Army constantly switches from comedy to tragedy. While their troops were fighting in Chechnya, in Moscow the generals had complicated scores to settle.

Yesterday 10 officers belonging to Deputy Minister Gromov's staff informed the AFP news agency that their boss was being kicked out of the old Defense Ministry building where he was based. One of the "rebel" officers, Colonel Aleksey Panteleyev even claimed that guards had been posted outside the offices! Speaking on the only telephone line still working he said: "We have no intention of leaving the premises until a solution has been found."

For months now Defense Minister Pavel Grachev has been fighting to marginalize and humiliate his most dangerous rival. He has never forgiven Boris Gromov for condemning the bombing of the parliament building in October 1993 and the Russian intervention in Chechnya this fall. A naval officer and a great admirer of the deputy minister explains: "Above all he has not forgiven

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him for having been his superior in Afghanistan and commanding greater respect among the troops."

Pavel Grachev has therefore not stopped at merely elbowing Gromov to one side since he was forced to resign his post in mid-February by a presidential ukase and had to accept the title of "military adviser" to Foreign Minister Andrey Kozyrev. Furious that his opponent has actually retained his title of deputy minister, he decided to oust him from his work premises. The story is all the more perverse since Grachev had initially "exiled" Boris Gromov to the former ministry building to avoid having to run into him too often in the corridors of the new building where all the other deputy ministers were installed. Boris Gromov made do and set up shop under a large portrait of Aleksandr Suvarov, Catherine the Great's commander-in-chief, where he liked to tell his visitors that he felt at ease in "this historic office previously occupied by Marshall Zhukov."

Yesterday on the phone, however, clearly depressed by the latest underhanded trick by Pavel Grachev, General Boris Gromov accused the minister of letting his actions be guided by "a desire for vengeance. I do not see it as a sign that Grachev's position is stronger. Quite the contrary."

Crisis in Electronics Industry Affecting Defense Orders

LD1403173095 Moscow ITAR-TASS in English 1715 GMT 14 Mar 95

[By ITAR-TASS diplomatic correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow March 14 TASS—The state of affairs in the Russian electronics industry in the background of the common crisis of Russia's military-industrial complex is disastrous, this view was expressed during parliamentary hearings held in the State Duma (lower house of parliament) today.

Debating problems of the Russian electronics, deputies noted that the absence of a clear cut government policy in this sphere had lead to a fall in production ranging between 30 to 50 per cent during the recent years. As a result of the disintegration of the Soviet Union 40 per cent of electronics enterprises remained beyond the borders of Russia, and many of them ceased to exist due to a break in cooperation ties. The number of employees working in this branch of industry went down by over 25 per cent since 1992, the orators noted.

Vladimir Gusev, the chairman of the State Duma Committee for Industries, emphasised that due to curtailment of production today it has become impossible to fulfill defence orders for many items. If this goes on in the future also, the situation may aggravate further, when combat complexes of anti-missile and space defence, as well as control systems and communications will become useless due to a lack of necessary instruments and equipment.

The deputies recommended to the government to work out a system of measures for supporting the Russian electronics industry. In turn they assured to extend legal support to these measures, and expressed the intention of promptly preparing an appropriate bill for these purposes.

Lack of Funds Threatens Future Space Launches

LD1403170895 Moscow ITAR-TASS in English 1619 GMT 14 Mar 95

[FBIS Transcribed Text] Moscow March 14 TASS—Although today's successful launch of the Soyuz TM-21 spaceship with a Russian-American crew on board proved once again that Russia remains a leading space power, specialists say preparations for launches are becoming increasingly difficult because of insufficient funding from the federal budget.

Allocations for space programmes have reduced five-fold from 1989 while the prices have since rose more than tenfold. The cost of transporting a Soyuz booster from the Samara manufacturing facility to the Baykonur space centre in Kazakhstan is close to one billion roubles. The reserve of Soyuz boosters has practically been fully exhausted.

Some experts say, however, that where the Russian-American joint programme is concerned, all available forces and resources are mustered. The more so since the United States is billed to pay 334 million dollars for the participation of American astronauts in five space missions aboard the Russian orbital complex Mir.

True, the money will only be paid upon the completion of each mission.

Meanwhile, ever new programmes and projects are devised. Plans are being made for the first launch of the new booster "Rus" (Russia) from Russia's northern space centre at Plesetsk in 1997. The Rus will replace the Soyuz, Russia's main booster rocket at present, Lieutenant-General Vladimir Durnev, deputy commander of the Strategic Space Forces of Russia, told ITAR- TASS.

Soyuz boosters have been used for 37 years. They are among Russia's oldest and most dependable space vehicles. They have taken into space both unmanned spacecraft and crews.

In 1979, one Soyuz booster for a manned flight was priced at 900 thousand roubles. The low cost was due to series production of 60 pieces every year. Today's price is about 12 billion roubles, while production has diminished to no more than 15 pieces a year.

The reduction is due not only to financial problems but also to the fact that a considerable amount of parts and components used to be manufactured in Ukraine, and it is increasingly difficult to maintain former ties with that, now independent country.

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According to Vladimir Durnev, the need to develop a new booster was mainly necessitated by that fact. "Russia must pursue a space policy of its own, fully independent of any other state," he said. "All components of the Rus booster will be made in Russia".

The champions of openness and glasnost can rejoice in the latest changes. A mere ten years ago, the media in this country would report the development of a new booster rocket only if it was American. Time has changed, and today's launch was witnessed by an almost 100-strong American delegation (one half of them being reporters), who had also watched all stages of preparation for the launch, ITAR-TASS was told by Aleksandr Degtyar, a senior security officer of the Russian Military Space Forces.

The number of international launches grows from year to year, and the Security Services of the Russian Military Space forces and of the Baykonur space centre have to make changes in their work accordingly.

While in the past, the Baykonur space centre was "a closed facility", now only the lazy stay away. But this does not mean that security measures have become lax.

Specialists who want to visit the centre are required to send an application to the Russian Defence Ministry and obtain a written permission from its general staff, Aleksandr Degtyar said.

Further supervision is entrusted to the Russian Military Space Forces for the duration of a visit to Baykonur. The main load of work is shouldered by security officers of the space centre's military headquarters. They keep an eye on scrupulous adherence to the visit's announced programme and are entitled to cut a visit short, should any of the programme provisions be breached.

It is impossible to visit any of the space centre's installations without an express permit; any transgressor will be "caught in the act" rather sooner than later, Degtyar said.

All this does not mean that the space centre is as "closed" as before. Admission is prohibited only to the sites of military launches.

According to Aleksandr Degtyar, the security procedures are much more strict in the United States.

Federal Assembly

State Duma Passes 1995 Budget on Final Reading

LD1503092395 Moscow ITAR-TASS World Service in Russian 0910 GMT 15 Mar 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Translated Text] Moscow, 15 Mar, TASS— The Federal law "On the 1995 Federal Budget" was passed by the State Duma today on its fourth and final reading. There were 189 deputies voting for the 1995 budget and 81 against, with no abstentions.

Federal budget spending was endorsed at the level of 248.3 trillion rubles and income at a total of 175.2 trillion rubles. A budget deficit of 73.2 trillion rubles was endorsed.

Duma Votes To Suspend Joint-Stock Status of Public TV

LD1503123495 Moscow INTERFAX in English 1126 GMT 15 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 15 (Interfax)—The State Duma (Russian parliament's lower house) backed the proposal Wednesday on drafting and adopting a law which will suspend the turning of Public Russian TV, established in accordance with a presidential decree, into a joint-stock company.

The proposal was made by Chairman of the Committee for Labor and Social Support Sergey Kalashnikov (the Liberal-Democratic Party faction) and supported in a 230 to 11 vote with 5 abstentions (the quorum being 226 votes).

New Duma Group Applies For Registration

LD1303164995 Moscow INTERFAX in English 1549 GMT 13 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 13 (Interfax)—The new parliamentary group Stability, which intends to support the president's policies with moderately centrist positions, applied for registration to the State Duma's Committee for Organizational Issues on Monday, one of the group's initiators, Aleksey Leushkin, told Interfax.

He said the group consists of 35 deputies from different factions, including the faction of the Liberal-Democratic Party. Among its members are also Gaydar's former deputy in the Russia's Choice faction, Aleksey Aleksandrov, and Vice-Chairman of the Security Committee Viktor Mironov.

The Committee for Organizational Issues is to consider the application today.

'Stability' Officially Registered

LD1403190995 Moscow INTERFAX in English 1712 GMT 14 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 14 (Interfax)—A new parliamentary group, Stability, was officially registered in the State Duma Tuesday [14 March]. Aleksey Leushkin, who left the Democratic Party group, told Interfax that the group consists of 36 MPs, one more than the minimum number required to register a group.

The new group includes 12 former members of the New Regional Policy group, eight MPs from the former December 12 Liberal Democratic Union headed by

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Boris Fedorov, seven defectors from Russia's Choice, two from the Democratic Party of Russia, two from the Liberal Democratic Party and one from the Agrarian Party. Four independent deputies also joined the group.

Leushkin said that an organizational meeting of the group would be held Thursday and its news conference had been tentatively scheduled for Friday.

Interfax's parliamentary correspondent says that still another group, Russia, had been set up. One of its founders, Igor Shichanin, who had left the PRES [Party of Russian Unity and Accord] group, told the correspondent that the group has the necessary 35 members but is in no hurry to register officially. He declined to go into detail but said that the Russia group may be registered "one of these days."

Further on Failure To Override Yeltsin Pension Veto

LD1003170895 Moscow ITAR-TASS in English 1559 GMT 10 Mar 95

[By ITAR-TASS correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow March 10 TASS—The Russian State Duma has not succeeded in its bid to override the presidential veto on the minimal pension law.

Another debate left the presidential version of the law in place since votes were short of 300 required for overcoming the veto.

The snag was that the president did not agree with the State Duma's draft law which would raise the minimal pension 1.57 times on February 1, 1995. Yeltsin's decree established 19,000 rouble reimbursement to pensioners while leaving the minimal pension of 34,400 roubles in place.

Yuriy Sokolov, an Agrarian faction deputy who filed the pension item on the agenda of today's plenary, tried to challenge the presidential decision, but arguments of delegates of the government and the Russian pension fund had an upper hand. The governmental officials stressed during the debate that the public purse has no money to raise the pension 1.57-fold.

Senate Urges Funding for Farmers, Ratifies Treaties

MM1403152295 Moscow ROSSIYSKAYA GAZETA in Russian 11 Mar 95 First Edition p 4

[Unattributed report under the general heading "In the Federation Council"—from the "Official Section"]

[FBIS Translated Text] With the aim of guaranteeing funding of the implementation of spring field work in the Russian Federation in 1995 the Federation Council has issued a decree recommending that the Russian Federation Government and the Central Bank of the Russian Federation allocate bank credits of 6.5 trillion rubles in the form of Russian Federation Ministry of Finances loans to the agro-industrial complex to carry out spring field work in 1995.

Having examined the federal laws "On the Ratification of the Treaty on Friendship and Cooperation between the Russian Federation and the Kingdom of Spain" and "On the Ratification of the Treaty of the Fundamentals of Relations Between the Russian Federation and the Republic of Colombia" adopted by the Russian Federation Federal Assembly State Duma 10 February 1995, in accordance with Article 105 Part Four of the Russian Federation Constitution, the Federation Council resolved to approve them.

Its decree comes into effect from the day of its adoption—28 February 1995.

Shumeyko Against Electing Duma Deputies by Party Ticket

LD1303173295 Moscow INTERFAX in English 1611 GMT 13 Mar 95

[FBIS Transcribed Text] KURGAN, Mar 13 (Interfax)—Chairman of the Russian Federation Council Vladimir Shumeyko said he was against electing a part of the State Duma deputies by party tickets.

He told a press conference in Kurgan (the Urals) today that an ideal option would be to elect all State Duma deputies by the direct majority system. Shumeyko said that in such case the parties could propose their candidates to majority constituencies.

Shumeyko said the Federation Council was ready to compromise and agree that a third of the State Duma deputies were elected by party tickets. However, he said the Federation Council was very unlikely to approve the federal constitutional law on elections to the State Duma if it stipulated for electing a half of the State Duma deputies by party tickets as it was during the elections on December 12, 1993.

Shumeyko said that if the State Duma failed to take into account the position of the Federation Council and the Federation Council had to turn down the law time might not suffice for adopting it before the elections.

Shumeyko said the Russian Ministry for Justice had registered 60 political parties. However, he said he believed that their influence was not big. He said the election of 50 percent of the State Duma deputies by party tickets had resulted in the fact that about a half of the State Duma were Moscow residents while "the interests of Russia are not accumulated in one town." Shumeyko said the present State Duma intensively seeking agreement between various political forces had spent on law-making only 26 percent of its time.

Shumeyko said he did not back the proposal of the Liberal Democratic Party of Russia leader Vladimir

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Zhirinovskiy that television be nationalized. Shumeyko said he believed that the media should remain free.

The Federation Council delegation led by Shumeyko will leave for Leninsk (a Kazakh town near the Baykonur space launching site) this evening. In Leninsk the delegation will be present at the launch of the Soyuz TM-21 space craft with an international crew.

Shumeyko Supports Continued Space Investment

LD1403164695 Moscow ITAR-TASS World Service in Russian 1112 GMT 14 Mar 95

[By ITAR-TASS special correspondent Lyudmila Yermakova]

[FBIS Translated Excerpt] Leninsk (Baykonur Cosmodrome), 14 Mar— "We do not have the right to lose the unique Baykonur complex which marks its centenary this year," Vladimir Shumeyko, chairman of the Russian Federation Council stated. He was attending the launch of the "Soyuz TM-21" spacecraft today. "This would be a loss not only for Russia, but for the entire world," the speaker elaborated. [passage omitted]

Vladimir Shumeyko reported that the Federation Council has ratified the agreement for Russia to lease Baykonur from Kazakhstan for 20 years. The Russian Federation has taken this step, which requires expenditures amounting to billions, despite the difficulty of the economic situation. The speaker said that in economic competition in the future, "those states that have raw materials and advanced technology will win. So, Russian and Kazakhstan as well as the republics that wish to support them with regard to space—Ukraine, in particular—are providing for themselves and their descendants."

During conversations it was noted that preserving the status of a space power means maintaining the country's prestige in the world. [passage omitted]

Vladimir Shumeyko, as chairman of the Council of the Interparliamentary Assembly of CIS Countries, expressed the opinion that a special legislative act should be adopted at the next sitting of the Interparliamentary Assembly on maintaining and developing advanced technology on the territory of the former union. This would be a model that could be ratified by the parliaments of those Commonwealth countries that want and can continue with space programs. [passage omitted]

Chechen-Dagestan Border Controls Said Inefficient

LD1303151795 Moscow ITAR-TASS in English 1408 GMT 13 Mar 95

[By ITAR-TASS correspondent Andrey Serov]

[FBIS Transcribed Text] Moscow March 13 TASS— "Federal services do not virtually control the Chechen borders," said on Monday [13 March] Deputy Speaker of the Federation Council (Russian parliament upper chamber) Ramazan Abdulatipov, describing the results of his trip to the north Caucasus at a news conference in Moscow.

In Abdulatipov's opinion, the present border control regime does not stop the arms flow to Chechnya, on the one hand, and retreating Chechen gunmen from going outside the republic, on the other.

At the same time, he continued, various federal services at the border—from epidemiological to customs—"create unjustified difficulties" for refugees wishing to cross Chechen administrative borders.

Abdulatipov spoke about "corrupt Russian authorities controlling the border between Dagestan and Chechnya". He quoted stories by eye-witnesses, according to which check points at this border can be crossed within acceptable time only for a bribe. Otherwise, waiting can be stretched for an uncertain period.

The deputy speaker noted that Russian border guards were aware of a recent delivery to separatist leader Dudayev of a large batch of arms and money by two trucks from Azerbaijan across Dagestan. The trucks had to pass several check points along this route.

Abdulatipov expressed special worry over the inflow of Chechen gunmen in Dagestan, squeezed out by federal troops. If they settle in Dagestan villages and start attacking Russian troops, combat operations can flare up in Dagestan, he claimed.

He stressed that "most Dagestan people do not support Dudayev" and do not want the republic to be involved in an armed confrontation.

Regional Affairs

Reportage, Commentary on Conflict in Chechnya

Deputy Interior Minister Updates Situation

LD1303173995 Moscow Radiostantsiya Ekho Moskvy in Russian 1300 GMT 13 Mar 95

[FBIS Translated Excerpt] [Correspondent Vladimir Gondusov] The situation in Chechnya remains tense. The federal troops are carrying out planned operations, ousting fighters from the villages to the south of Groznyy. [passage omitted]

[Begin A. Kulikov recording, Russian deputy interior minister, identified by caption] Today the interior bodies and the OMON [Special Purpose Militia Detachment] forces are guarding dozens of vital sites—water pumping stations, purification sites, communications links, transport terminals, and the railway line operating in the north of Chechnya. Problems are being tackled on the railway linking Sleptsovskaya station with Groznyy to ensure transport via Samashki. Of course, the fighters are putting up resistance. Every day five to seven mines are being unearthed on the railway link. The fighters do not want a

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normal, peaceful life. They are used to fighting, plundering, and murdering people. [end recording]

Federal Forces Resume Air Strikes

LD1403151495 Moscow 2x2 Television in Russian 1400 GMT 14 Mar 95

[FBIS Translated Text] According to news agency reports, Russian warplanes today resumed day-time strikes on fortified positions of Chechen irregulars southeast of Groznyy. These positions cover the approaches to the town of Shali. However, land forces are meeting with fierce resistance.

Meanwhile, according to a report by the Russian Government's press center, during the past 24 hours federal artillery in Chechnya has shelled concentrations of fighters in the areas of Argun, Mesker-Yurt, Komsomolskoye, and Chechen-Aul. Illegal armed formations attempted to hamper the Russian forces' advance south and southeast from Groznyy.

Troops Reopen Checkpoint to Pedestrians

LD1403175195 Moscow INTERFAX in English 1712 GMT 14 Mar 95

[FBIS Transcribed Text] Samashkiy (Chechnya), Mar 14 (Interfax)—In the Achkhoy-Martan region of Chechnya, neither the local administration nor elders from villages bordering with Ingushetia have met the pledges they made to the federal troops command in Chechnya. An Interfax reporter learned this from a military source at a Russian army checkpoint near Samashkiy, a village 16 kilometers from the frontier with Ingushetia.

The Russian military closed this community to motor traffic both toward Chechnya and toward Ingushetia Monday. Thus, the only route to western Chechnya was sealed off by tanks.

At a Friday meeting with Lieutenant-General Yuriy Kosolapov, a representative of the federal troops command in Chechnya, the Chechen side promised to force armed militiamen out of the villages along the border with Ingushetia. In return, the Russian side pledged not to bomb the communities on the border with Ingushetia.

As the military source reported, the Russian side has fulfilled its pledges while the militants have been staying put in the communities for the fourth day in succession. As the Russian military claim, they continue to plant land mines and attack Russian patrols. A Russian army officer was killed as a result of the shelling of an armored vehicle of the federal forces on Monday.

"The Russian military are inclined to regard this as part of a plan worked out in advance," the Interfax reporter was told.

The same military source suggested that neither the elders nor the administration of the Achkhoy-Martan region have any influence on the local militants.

Meanwhile, the Samashkiy checkpoint was reopened to pedestrian traffic Tuesday. Yet, it has been closed to motor traffic.

Kulikov on Formation of Interior Ministry

LD1403210595 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 14 Mar 95

[From the "Vremya" newscast]

[FBIS Translated Text] Over the last 24 hours the situation in the Chechen Republic has not changed radically. Illegal armed formations tried to halt the advance of federal forces in the south and southeast sectors of Groznyy. In an interview with our program, Anatoliy Kulikov, commander of the joint forces in the Chechen Republic and Russian deputy interior minister, described today's military situation in Chechnya in the following way.

[Begin recording] [Kulikov] On the whole the situation in Groznyy is under control, major work is under way. An Interior Ministry is being formed, more than 1,100 staff have already been taken on, and about 300 people literally over the last five days. People are applying for jobs because they understand. In addition, major work is under way to prepare the full-scale restoration of the national economy, the town's main services and production facilities.

It is true that at present the situation is most complicated in the area of Argun because the main forces of fighters are concentrated there, as well as in the area of Gudermes. I think that we will cope with the task that has been set us. Our goal is to take this territory under control.

[Correspondent Yevgeniy Blokhin] Hostilities have been under way in Chechnya for over three months. Are there prospects for a political settlement to the Chechen crisis?

[Kulikov] Every day, both here and in the localities when we visit the republic's other regions we meet the most different categories of the population. We are becoming more and more convinced that to date our proposals represent an optimum path to end the war. They [the proposals] make it possible to hold elections in the republic within the next three-four months. It is very important now to organize work in such a way that the struggle for power be carried out by civilized political means rather than by military ones.

Clashes Continue

LD1403213295 Moscow ITAR-TASS in English 2119 GMT 14 Mar 95

[By ITAR-TASS special correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok, North Ossetia March 15 TASS—Tuesday was marked by a number of armed encounters between detachments of the Russian forces of the Interior and illegal armed formations.

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A spokesman of the Public Relations Department of the Russian Ministry of the Interior in Mozdok, an ambush of three militants was uncovered during reconnaissance measures along the Beslan-Groznyy road on a section between the rivers Fortang and Assa today. During the shootout one militant was killed, two escaped. Two grenade cup dischargers, a stand for a large calibre machinegun with a cartridge belt were found at the sight. There were no casualties among the Ministry of the Interior detachment personnel.

'Stationary Warfare' Ongoing

LD1503100295 Moscow ITAR-TASS in English 0947 GMT 15 Mar 95

[By ITAR-TASS correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok March 15 TASS—Stationary warfare is continuing in Chechnya, ITAR-TASS was told today by a spokesman of Mozdok-based press centre of the Russian Defence Ministry, Colonel Oleg Mikhailov.

Chechen fighters are resisting advancement of Russian federal troops.

The fighters remain entrenched southwest of Chechen-Aul. Chechen reserve forces are trying to move into the battlefield to support them.

Mikhailov said the fighters are active building defensive lines near Argun, Shali and Bamut. Local civilians, mainly Russians, are forcibly recruited for digging work, Mikhalov said.

In anticipation of the Russian offensive, field commanders are urgently evacuating residents of Argun and Mesker-Yurt in the direction of Gudermes. "The Russian-speaking population is kept in place to be used as a shield," Mikhailov said.

The spokesman said Chechen fighters are setting up defensive positions near Bamut, a western flank of the battlefield. He said fighters presented residents of Assinovskaya an ultimatum to move out from the village in order another stronghold be made of it. The fighters threaten to shell the village if the population disobeys.

According to the spokesman, in the past 24 hours federal troops were continuing to prepare for a disarmament operation against Argun-based fighters. The troops were entrenching on vantage heights near Prigorodnoye, Komsomolskoy and other residential areas. Bids of Chechens to regain lost positions were rebuffed.

Asked about the federal airforce, Mikhailov said it was not used on Monday because of bad weather, but "has carried out 13 flights on Tuesday for airstrikes on troops and weaponry near Argun and Darbankhi among other places".

The Defence Ministry spokesman said Russian artillery was carrying out disturbing and destructive fire in southern and southeastern directions of Groznyy.

According to the press centre, 34 Chechen fighters were killed, and scores of small arms, some 8,000 rounds of ammunition and 200 shells and mines were seized by Russian troops over the past 24 hours.

Government Press Service Updates Events

LD1503150995 Moscow ITAR-TASS in English 1427 GMT 15 Mar 95

[FBIS Transcribed Text] Moscow March 15 TASS—The press service of the Russian Government reported today with reference to the mobile information centre "that the military-political situation on the territory of the Chechen Republic remains complicated".

The report released by the press service says:

"During the past 24 hours the joint group of federal troops had continued preparations for an operation to disarm Dudayev's unlawful armed gangs in Argun, had fortified some dominating heights near the populated localities of Prigorodnoye, Chechen-Aul, Komsomolskoye, and in the area of Shali, Starye Atagi and Goyty, and had repulsed the attempts of Dudayev's men to recapture the lost positions. The Air Force was used to relay the orders of the command and to deal blows at Dudayev's troops and materiel south of the town of Argun. The artillery of the joint group of federal troops provided battlefield illumination and dealt blows at the illegal formations.

Dudayev's fighters attempted to resist the advance of the federal troops and to prevent the expansion of the zone controlled by them in the southern and south-eastern directions from Groznyy. The unlawful armed units continued to cling to their positions south- west of Chechen-Aul. The command of the unlawful armed units is trying to pull up reserves to defend the positions in the area of Argun, Shali, and Bamut. They are forcibly using the local population, mostly Russian speakers, on earth-moving jobs. Expecting active operations from the federal troops, the Chechen leadership is urgently evacuating the local population from Argun and Mesker-Yurt. However, the russian-speaking population is being left behind as a screen or living shield. The unlawful armed units have addressed an ultimatum to the population of Assinovskaya, ordering them to leave the village so that one more fortified area could be created there. Dudayev's militants threatened to open fire on the village if the ultimatum was not fulfilled.

The military intelligence reports that many documents were found during the latest investigations, proving the Dudayev regime's active war preparations, started in 1994. The Chechen Ministries for Industry and Machine-Building, enlisted in this effort, had formed experimental teams to develop and manufacture small arms and other armaments, including attack and landing

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force weapons. At the same time, the general staff of the Chechen Republic had drawn up plans to purchase weapons abroad."

Dudayev 'Should Be Finished' by Apr

LD1503155795 Moscow INTERFAX in English 1537 GMT 15 Mar 95

[FBIS Transcribed Text] Mozdok, Russia, Mar 15 (INTERFAX)— A senior Russian military commander has advocated more vigorous action against Chechen forces to prevent them from withdrawing into the mountains when the snow is gone from mountain passes.

"The main operations to get rid of (Chechen leader Dzhokhar) Dudayev's fighters" should be finished before April, the Russian officer, who asked not to be named, told INTERFAX in Mozdok, North Ossetia.

These days Chechen fighters cannot retreat into the mountains because of a danger of avalanche slides, but by the end of March or the beginning of April passes in the North Caucasus will be clear of snow, and in May the Caucasus Range will also be accessible, the officer said. "Chasing (Chechen) fighters in the mountains will be a fairly difficult task for federal troops," he said.

Taking the "strategic" Chechen-controlled town of Argun would "totally disorganize" control of Chechen forces, exercised by General Staff chief Aslan Maskhadov, the Russian commander said. But, though the Russians have surrounded the town, "I have grave doubts that the (Chechen) fighters will leave it without a battle," he said.

The officer rejected the idea of talks with Dudayev, because "with a criminal one can only talk about the surrender of arms and capitulation."

Further Update on Fighting

LD1503170895 Moscow ITAR-TASS in English 1611 GMT 15 Mar 95

[By ITAR-TASS special correspondent Sergey Ostanin]

[FBIS Transcribed Text] Mozdok, North Ossetia March 15 TASS—Russian Interior Ministry troops continued to fight illegal armed groups in Chechnya on Wednesday.

In the village of Kharkovskaya, they seized a militant who was transmitting intelligence about the location and activities of the Russian Armed Forces, a spokesman of the Russian Interior Ministry told ITAR-TASS on Wednesday.

In reply to their proposal to surrender, the agent opened fire and tried to escape, but was killed in the ensuing shoot-out. No casualties were reported among Russian soldiers.

Filatov Cited on Prospects for 14 Mar Chechen Peace Parley

MM1403142295 Moscow ROSSIYSKIYE VESTI in Russian 14 Mar 95 p 1

[Report by Lyubov Tsukanova: "Danger to Public Accord Emanating From Zone of Military Operations "]

[FBIS Translated Excerpt] [passage omitted] The cessation of military operations is the first item in all the packages of proposals submitted by the public for a peaceful settlement in Chechnya. The plan for a settlement to be discussed at the conference opening in Moscow today begins with this. The conference's organizers include a large number of public movements and parties, and deputies from the Federation Council and State Duma; it is expected that representatives of the government and the Russian Federation President's Staff and leaders of the Federation's components will participate, and representatives of public organizations, the clergy, and the Chechen Republic's power structures have been invited. A program for a peaceful settlement will be discussed in which, after a cease-fire, the following stages are envisaged: preparations for peace talks, the talks themselves, disarmament in accordance with a specific scheme, then preparations for elections, the election of all organs of power in the republic, and only then the resolution of the problem of the Chechen Republic's status. As Sergey Filatov, leader of the Russian Federation President's Staff, told your ROSSIYSKIYE VESTI correspondent, the conference will be a test of strength: Points of contact will be successfully found in some areas while in others standpoints may diverge. But Sergey Filatov considers many proposals to have had sufficient work done on them to be presented for adoption as decisions.

The conference will present a series of similar measures for the spring months. On the initiative of Volskiy's group it is proposed to hold a congress of entrepreneurs in Pyatigorsk at the beginning of April. Representatives of the clergy of all Russia's faiths, who are declaring their readiness, in the words of the mufti, Rail Gaynutdin, to "really help the secular authorities to correct the mistakes," are preparing to meet at the end of March/beginning of April. In line with a proposal by Rasul Gamzatov, festivals of the culture of the North Caucasus peoples will be organized in the fall as both a peace gesture by the intelligentsia and spiritual support for the population of the Caucasian republics. The conciliation commission intends to bring all its authority to bear to ensure that proposals for the settlement of the Chechen crisis from public, cultural, and religious organizations, trade unions, and scientific collectives, reach the president, the chairman of the government, and all power structures making decisions on Chechnya. Sergey Filatov considers that now is the most favorable time to work to beat the crisis in all its aspects and with all interested forces.

Defense Ministry Directive Specifies Actions in Chechnya

AU1503084595 Ivano-Frankivsk HALYCHYNA in Ukrainian 7 Mar 95 p 7

["Directive D-0043 of 15 February 1995 Issued by the General Staff of the Russian Federation Ministry of Defense": "$500,000 for Capturing Dzhokhar Dudayev"]

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[FBIS Translated Text] Russian generals, plutocrats, and politicians have stated dozens of times that the military stage of the aggression in Chechnya was over and that a peaceful stage was starting. However, the Russian Army continues to bombard towns and villages, to shell residential areas with heavy artillery, and to crush with tanks the living and dead defenders of Chechen land. A directive by the General Staff of the Russian Federation Defense Ministry shows how the Russian generals are preparing for the "peaceful" stage in the Chechen campaign.

1. To intensify the role of special-purpose troops, especially units in charge of radar warfare.

In order to reinforce the radar warfare regiment deployed in Mozdok, to transfer analogous units from Moscow, Leningrad, and Far Eastern military districts to Chechnya. To develop and implement the suppression of detected channels of combat and control used by the Chechen formations. To deprive Dudayev of all types of communication, to disconnect his headquarters, to disorganize his command, and to create an information vacuum. In mountainous areas, to practice installing remote-controlled jammer transmitters in the vicinity of the militants' bases. To suppress the satellite communication channel used by Dudayev for getting in touch with the leaders of Muslim countries and Islamic organizations abroad.

2. To train, equip, and infiltrate special-purpose sabotage and intelligence groups subordinated to the Main Intelligence Directorate [GRU] into the rear services of the Chechen formations. Their task is to destroy enemy personnel and technology, organize sabotage at transport, communal, and engineering facilities, and to conduct military intelligence and actions aimed at capturing and wiping out the leaders of the militants. To announce that the subunit that manages to capture Dudayev dead or alive will be awarded a large monetary award amounting to $500,000.

3. Meteorological conditions permitting, to use aviation as much as possible for inflicting blows upon the militants with high-precision guided weapons. To destroy Dudayev's strongholds in mountainous areas and in southern areas of Chechnya. To demoralize the enemy with the help of unremitting air strikes.

4. To destroy transport communication across mountain passes and also mountain roads. To prevent mercenaries or caravans carrying weapons from coming from Georgia. To impose upon the adversary the actions that are disadvantageous to him. In a number of areas, to use modern compact equipment and night-vision instruments (infrared and remote-controlled).

To practice the launching of operations mainly in the dark hours. To drop mines from aircraft on the retreat routes of the militants, to cut them off, and destroy if they refuse to lay down their weapons.

5. To expand the recruitment, on a contract basis, in oblast, town, and rayon military registration and enlistment offices of servicemen with experience of the war in Afghanistan. To create separate units of them so that the soldiers in regular service are not included there.

To stop sending combined units recruited from different regiments or divisions to Chechnya. To send to Chechnya the (Taman) 2d Motorized Infantry and the Kantemirov 4th Tank divisions with support, the 27th Motorized Infantry Brigade, and the 119th Paratrooper Assault Regiment—these are full-fledged and well-trained formations and units, capable of waging modern combined-arms combat actions.

6. A speedy solution to the Chechen problem is in the interests of the army proper and of Russia in general.

The directive was prepared by the First Main Operational Administration at the Russian Federation Defense Ministry General Staff with the participation of the GRU and the Federal Counterintelligence Service.

Dudayev 'Warning' Yeltsin Russian Towns 'Will Burn Up'

AU1503165595 Belgrade TELEGRAF in Serbo-Croatian 8 Mar 95 p 30

["Exclusive" telephone interview with Chechen President Dzhokhar Dudayev, location not given, by Savik Suster in Moscow, date not given: "I Am Warning Yeltsin: If There Is No Peace in Chechnya, His Russian Towns Will Burn Up—An Islamic War Will Begin on Russian Territory"]

[FBIS Translated Text] The only Chechen in the Russian Army to reach the rank of general is Dzhokhar Dudayev, 48 years old. At the time the USSR desintegrated, he was on duty in Estonia, in the Baltics. He was impressed by the will of the Estonians to achieve independence. Therefore, when he returned to his homeland in 1991, he decided to become president of Chechnya. In the meantime, he joined Boris Yeltsin and ensured 97 percent of Chechen votes for him at the presidential elections, but the two former friends have gone their separate ways. Today, Dudayev is leading the resistance movement against the Russians from his bunker in Groznyy. He communicates with the world via satellite telephone. In this exclusive interview conducted from Moscow, he threatens to devastate Russia (400,000 his fellow-countrymen are living in Russian towns, have a strong feeling of solidarity, and easy access to the capital), but is seeking a peaceful solution to the conflict.

[Suster] Mr. Dudayev, how can you still believe in a political solution to the conflict? Following developments from Moscow, it is difficult to imagine on what basis negotiations could begin....

[Dudayev] It is clear that confusion reigns in Moscow. Boris Yeltsin and Viktor Chernomyrdin have lost control over the situation. Their orders are not being executed. For example, in Moscow, Chernomyrdin promised cease-fire to our envoys, but in the field, generals were doing what they wanted to do.

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[Suster] But President Yeltsin said he has no intention of negotiating with you....

[Dudayev] If he does not want to negotiate with me, with whom is he going to negotiate then? Yeltsin has no choice, he will have to negotiate with someone with real power, that is, with me.

[Suster] The Moscow media claims that Chechen fighters have changed their attitude toward Russian prisoners of war. You were temperate in the beginning, but now you are becoming cruel....

[Dudayev] That is a lie. The truth is the exact opposite. Russian officers have organized a great pillage of our towns and villages. Finally, and I find this difficult to say even though I am a soldier, a general—Russians do not take prisoners, they simply kill them. Moreover, they barter with our people's corpses. My fighters say that the Russians are selling the organs of our slain young men. They have no mercy. They have left their soldiers' corpses (thousands of which are lying on Groznyy streets) to the cats and dogs. We have suggested that they proclaim a cease- fire, collect the corpses, and bury them. That was in vain.

[Suster] If there is so much hatred between the two sides, how can talks regarding a political solution be held?

[Dudayev] We have no choice. There should first be a cease-fire, then a Russian Army withdrawal, and finally, we must sit at the negotiating table and discuss future relations between Russia and Chechnya.

[Suster] This is if one allows the independence of Chechnya. But what if no country recognizes you?

[Dudayev] The decision regarding the independence of Chechnya was made by a sovereign people. And I do not care what Bill Clinton and Helmut Kohl think and say about that.

[Suster] Mr. Dudayev, if there is no political solution, how do you plan to continue the war?

[Dudayev] Are you asking about our tactics? First, there will be an escalation of armed conflict. Then, there will be a period of guerrilla war that may last as much as 50 years, or perhaps even longer. This conflict will bring suffering to Russia. The war is already spreading to neighboring republics—Ingushetia, Dagestan, Ossetia. Finally, the Russian towns of Sochi, Krasnodar, Kislovodsk, Pyatigorsk, Stavropol, and Astrakhan are close to us. They may burn up one day, just as our Groznyy did.

[Suster] You seem to be certain that you will win....

[Dudayev] You see, the Russians left us to choose between subjection and death. We have chosen death. However, we will soon have recourse against Russian aircraft. I cannot disclose what that recourse is and where it will come from.

[Suster] When speaking of pushing Russia into war, do you have an absolutely precise strategy in mind?

[Dudayev] This is not just a desire but a precise plan. I am warning Yeltsin—if there is no peace in Chechnya, his Russian towns will burn up. An Islamic war will begin on Russian territory.

Krasnodar Questions Adygea on Constitution

954F1656A Krasnodar KUBANSKIYE NOVOSTI in Russian 11 Feb 95 p 1

["Dialog on the Constitution: Appeal of deputies of the Legislative Assembly of Krasnodar Kray to the Legislative Assembly (Khase), parliament, and president of the Republic of Adygea on the draft Constitution of the Republic of Adygea"]

[FBIS Translated Text] We, deputies of the Legislative Assembly of Krasnodar Kray, fully aware of the fact that Adygea, as a component of the Russian Federation, has historically been at the center of Kuban and has by the joint labor of many generations created practically a single economic and socio-cultural structure and supporting good-neighbor, equal relations between people of all nationalities residing on our territories, are extremely interested in the process of the drafting and adoption of your Constitution and its content. In turn, we consider exceptionally correct the manifestation of interest of the people of the republic in the charter of the kray.

We understand that the processes of sovereignization that have engulfed the whole of the former Soviet Union could not have bypassed the Agygey people, who rightly desire their own, higher status. In this situation, the adoption of a Constitution may be considered an objective step on this path. In addition, we hope that the present leadership of the republic, public movements and parties, and the clergy will pursue a nationality policy in calm and balanced fashion, preventing in practice the infringement of the national, economic, and social interests of other peoples.

At the same time, on the other hand, knowing that constitutions are created for a long historical period and having made a close study of the Constitution of the Republic of Adygea, we cannot fail to express a number of what are, in our view, disturbing points that could in the future have serious negative consequences for the whole of the North Caucasus region.

First, the proclamation of the Republic of Adygea a "sovereign state" in itself relegates to the background the concept "within the Russian Federation." The constitutions of many countries proclaim that they conform to the standards of world civilization, but this is no bar at a particular stage with the accession to power of particular persons to the establishment there of totalitarian regimes with a clearly expressed focus of racial discrimination.

Second, it is clear to everyone that a state as such may fully exist if the nation after which it is named represents

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a majority of the population. In connection with the fact that this is not the case in the Republic of Adygea even now the draft Constitution contains the principle of "parity" at the elections to parliament and inequality at presidential elections.

The present and future leaders of Adygea will, naturally, be confronted by problems of the infusion of their statehood with the necessary content, a principal part of which will be an increase in the Agygey part of the population. It is not clear from the draft Constitution whether a citizen of any component of the Russian Federation, of Krasnodar Kray included, can become a citizen of your republic. Events in the Baltic countries and the appearance of, to put it mildly, leaders "in a hurry" in other sovereign subjects and their radical nationalist actions testify that our misgivings are not unfounded.

Third, many people are asking: Is it possible that the future Republic of Adygea "sovereign state" will be able to secede from Russia? In our view, however we may swear fealty to the single and indivisible Russia, the legal field for the accomplishment of such a state act exists. And if there is a legal field, there could in time also be leaders who conceive a desire to change history. Especially in connection with the unequal suffrage of the compactly resident Adygey and non-Adygey—this would not be that hard to do.

Based on what has been said above, we see that a number of articles of the draft Constitution of the Republic of Adygea lack an unequivocal and precise interpretation. Some (concerning parity, presidential elections, citizenship) do not correspond to federal laws. In addition, as far as we know, as of 1990 all stages of the formation of independent statehood in Agygea have occurred only by a decision of parliament. References to the absence of a referendum act are not entirely valid, if only for the simple reason that for three years the entirely legitimate Supreme Soviet of the republic could without any doubt have adopted such an act. A poll of the population on any problem could have been conducted as a last resort. It is also planned to adopt the Constitution merely at a session of parliament by public roll call, which does not exclude pressure on the deputies.

Summing up, we have reached the opinion that the mere fact of the adoption of a constitution would not at this time contribute to a strengthening of the integrity of Russia, good-neighbor relations among the peoples of Kuban, or tranquillity within the republic.

We deputies of the Legislative Assembly of Krasnodar Kray request that the parliament of the Republic of Adygea and its president, Aslan Aliyevich Dzharimov, refrain from adopting the Constitution, enhancing the national-cultural status of the Adygey nation here by the corresponding legislative acts of parliament and president. The adoption of a Basic Law, on the other hand, is, in our view, wholly desirable only via the say of the whole electorate.

We are counting on the wisdom of all participants in the constitutional process.

With profound respect for the people of the Republic of Adygea, [Signed] Deputies of the Legislative Assembly of the Krasnodar Kray.

Novovoronezh Area in 'State of Shock' Over Missile

MM1403185295 Moscow IZVESTIYA in Russian 15 Mar 95 pp 1, 2

[Feature under the general headline "Emergency Near Nuclear Power Station. First Reaction Is To Hide the Truth" comprising report by Valeriy Mirolevich, commentary by Viktor Litovkin, and editorial comment]

[FBIS Translated Text]

The Details

[Report by Valeriy Mirolevich] A topic presented on television 13 March worried many people: A missile launched by an Su-25 fighter plane over the Buturlinovskiy Aviation Regiment's test range in Voronezh Oblast had unexpectedly gone into uncontrolled flight. It exploded 4.5 km away from Novovoronezh nuclear power station, located 200 meters from the village of Arkhangelskoye in Khokholskiy Rayon.

Local inhabitant Nikolay Popov was working in his kitchen garden with his 10-year old brother at that time. Hearing a menacing roar, he threw himself to the ground and covered the child with his body. The missile exploded 30 meters from them. Shrapnel penetrated Nikolay's left arm, but his brother was not hurt. N. Popov is now in the Novovoronezh hospital, an operation has been carried out, and he is in a moderately serious condition.

A crater 5 meters in diameter and about 2 meters deep formed on the site of the explosion. Window panes shattered in twenty nearby buildings, door frames and doors were damaged, and greenhouses were destroyed.

In the opinion of V. Vikin, director of Novovoronezh Nuclear Electric Power Station [AES], if the missile had hit the station, only one of the units in operation could have withstood the explosion. According to specialists' calculations, the station could have been hit if the missile had turned by another 2 degrees.

The inhabitants of the village and the city of Novovoronezh are in a state of shock. When a helicopter bearing Lieutenant General B. Kazachkin, commander of the 16th Army, landed in Arkhangelskoye soon after the explosion, people hid, thinking that a war had begun.

The military has already transferred 70 million rubles [R] to the Khokholskiy Administration for eliminating the material damage.

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The Buturlinksiy Aviation Regiment test range has existed for many years and is located between Voronezh and Novovoronezh within a mere 40 km area. The oblast and rayon authorities have repeatedly appealed to the government to close the training area, which is dangerous in terms of possible explosions. Following the tragedy in the village of Arkhangelskoye, Voronezh Oblast Governor A. Kovalev has sent another letter to V. Chernomyrdin in which he says notably that if the test range continues to operate, he cannot guarantee that the authorities will be able to contain the raging anger of the people.

B. Kazachkin, commander of the 16th Army, assured local inhabitants and the administration that, until the government makes a decision about the fate of the test range, no more flights will be carried out here.

Commentary

[Article by Viktor Litovkin] Colonel General Mikhail Soroka, Air Force deputy commander in chief for combat training, informed me that a special commission is working on the clarification of the reasons for the incident at the Pogonovo test range in Voronezh Oblast. No official conclusions have been drawn yet, so it is still too early to talk about that. But even now it can be said that the launch of a short-range air-launched air-to-surface missile from an Su-25 aircraft was an anomaly. (What exactly this "anomaly" constituted is to be established by the commission—V.L.)

The missile, which is designed to hit troops and unprotected targets—that is, it uses the fragmentation effect—went out of the aircraft's control four seconds after it was launched at its training target, and fell 10 km outside the bounds of the test range not far from the Maslov Log population center. No material or environmental damage was done, but a rural inhabitant was injured, and the pilots extend their deepest apologies to him.

The general said that launches of this type of missile have been banned until all the details of the incident at the test range have been established, and a decision is being made to restrict the use of training ammunition on this territory in general, although there are no restrictions on bombing there.

On the subject of the complete closure of the test range, which is located not far from an AES, the Air Force High Command told me the following: The Novovoronezh AES was built at a time when our test range was already in existence, and at that time it did not worry anyone. Now six aviation regiments rehearse military tasks on the territory of Pogonovo. There is simply nowhere else for them to do this. Moving a test range requires huge resources and colossal expenditure. If the government finds these, then the military pilots will obviously have no objections. But it is impossible for them to not fly.

The "Rosenergoatom" concern, to which the Novovoronezh AES belongs, told your IZVESTIYA correspondent that the proximity of the AES to the aviation test range is a very delicate subject. They are of course also extremely worried about the incident at the village of Maslov Log. But nevertheless they do not believe that this could have caused serious problems at the AES. Although the missile falling on its territory would have generated massive difficulties of different kinds. At the same time, the nuclear power workers have sent their proposals on this subject to the government, the Ministry of Defense, and the Federal Counterintelligence Service. "Rosenergoatom" did not reveal the content of these proposals to me. [Litovkin ends]

From the Editorial Office:

The explosion of the missile, as it turns out, occurred last Friday at around 1700. But local journalists only found out about the incident on Monday at the governor's planning meeting. For various reasons, their attempts to establish the details of the incident through various channels led nowhere. The oblast administration press service telephoned around all the central publications' own correspondents and categorically instructed them not to be hasty with any reports on the grounds that a detailed, objective report would be set out at 1600 in the office of the head of administration. The departments controlling the situation were so shocked by the incident that they responded to all of the correspondents' questions by citing the need to coordinate everything with the competent organs....

At 1600 P. Tretyakov, chief of staff of the oblast civil defense, spoke in detail in the governor's office about the incident.

By then, three days had already gone by. Not a single word had been said about it even on local radio. So it works out that only one person in the oblast could fill the information vacuum—the governor. No one else—the military prosecutor's office, the Federal Counterintelligence Service, and the relevant department in the administration—dared to assume responsibility for getting operational information to the people in a timely fashion.

Today's officials, like their predecessors in the CPSU Central Committee and the USSR Council of Ministers during the tragedy at the Chernobyl AES, are continuing to decide for us what the population should or should not know.

Samara 1994 Agricultural Figures Cited

954F1610C Samara SAMARSKAYA GAZETA in Russian 24 Jan 95 p 2

[Article by K.V.: "Results of the Agricultural Year"]

[FBIS Translated Text] Results of the agricultural year were summarized last week in the board of the Agriculture and Foodstuffs Administration of the Samara Oblast administration.

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We must state quite frankly that according to the appraisal of experts, the negative trends observed in development of the agro-industrial complex existing since the beginning of the 1990's have not turned positive. Miserable statistical data quite eloquently testify to this.

Gross agricultural output decreased 14 percent over the past year in the agro-industrial complex of the oblast. Head of cattle were reduced 17 percent, while livestock productivity diminished 10-16 percent on average. The nonpayments problem remained critical throughout the year and, as a result, the total volume of nonpayments has almost reached R200 billion. Indebtedness to our agricultural producers for delivered production output exceeds R13 billion.

As before, the level of wages in agricultural production—R114,000—remains one of the lowest. This is almost 2.4 times lower than that seen in the processing and food industry of the oblast.

Things are proceeding far from well with regard to the material-technical base as well. The machinery and tractor inventory is aging and diminishing. As compared with 1990, for example, the number of grain-harvesting combines decreased by 21 percent, soil- tilling and seeding machines—by 15-33 percent.

The reasons for this situation were also cited. Objective reasons include agriculture's unpreparedness, both theoretically and practically, to embark upon the path to a market structure of production relations, and significant reductions in the provision of state support for agricultural producers.

The board discussed the program for socioeconomic development of the agro-industrial complex in the oblast for 1995. We need not delude ourselves by expecting any sharp improvement in the situation. We cannot be worried about luxuries when it is all we can do to get by. Just as in previous years, the majority of citizens will most likely have to solve their food problems on their own. In dacha and garden plots.

Samara Oblast 1994 Judiciary Work Reviewed

954F1610A Samara SAMARSKIYE IZVESTIYA in Russian 3 Feb 95 p 2

[Unattributed report: "Two Hundred Fifty-Nine Judges Sentence 20,943 Individuals"]

[FBIS Translated Text] A conference of judges was convened in the Justice Department of the oblast administration. The course of implementation of judicial reform and the results of court activity for 1994 were discussed. Heads of law enforcement organs and representatives of science and the oblast administration were present.

The justice system in the oblast today encompasses 259 judges. Last year many courts of the oblast operated at less than full strength. This is related primarily to the fact that procedure and methods for the appointment of judges were not regulated. Today this issue is resolved and all federal judges are appointed by the president of Russia.

Over the past year, oblast judges examined 24,406 criminal and 49,442 civil cases, as well as 51,840 administrative matters. For reference: 20,878 criminal and 47,871 civil cases were examined in 1993.

An increase in crime overall is noted throughout the oblast, including serious crime. Thus, 738 murders were committed, 995 incidents of grave bodily harm, 298 incidents of rape, etc. The number of cases of apartment theft increased from 18,475 in 1993 to 22,411 in 1994.

Oblast judges convicted 20,943 individuals—2,039 more than in 1993.

Material damage incurred by state and public organizations in the cases examined amounted to R170,318,586, of which R99,031,281 was reimbursed prior to the court proceedings.

Also discussed were problems related to the quality of examination of criminal and civil cases, observance of procedural deadlines for examination, and matters concerning bringing court personnel up to strength and enhancing the professional level of judges.

Samara Oblast 1994 Crime Figures Cited

954F1610D Samara SAMARSKIYE IZVESTIYA in Russian 14 Feb 95 p 4

[Article by T. Koynova, director of the Social Statistics Department of the Samara Oblast Committee on State Statistics: "Crime in Samara Oblast in 1994"]

[FBIS Translated Text] Over 50,000 crimes were recorded in 1994—0.3 percent more than in 1993. Six crimes were registered each hour in the oblast. Significant growth of recorded crimes was observed in the city of Otradnyy (28 percent) and in the following rayons: Alekseyevskiy (22 percent), Bolshechernigovskiy (28 percent), Yelkhovskiy (26 percent), Krasnoarmeyskiy (63 percent), Neftegorskiy (24 percent), Sergiyevskiy (25 percent), and Shentalinskiy (47 percent).

Among the numerous categories of crime, a significant rise was seen in crimes against personal and private property—by 22 percent, and crimes against the individual—by 16 percent. It follows from this that the mercenary aspect of crime is increasing, as is its degree of danger to society. The increase in this type of crime was greater than the average for the oblast—one and a half times greater and more—in the city of Otradnyy, and in Bogatovskiy, Bolsheglushitskiy, Volzhskiy, Isaklinskiy, Kinel-Cherkasskiy, Krasnoarmeyskiy, Krasnoyarskiy, Pestravskiy, Pokhvistnevskiy, Privolzhskiy, Sergiyevskiy, Syzranskiy, and Shigonskiy Rayons. This type of crime increased by a factor of two or more in

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Bolshechernigovskiy, Borskiy, Yelkhovskiy, Kamyshlinskiy, and Chelno-Vershinskiy Rayons. These crimes tripled in Alekseyevskiy and Shentalinskiy Rayons. Shentalinskiy Rayon significantly surpasses all other regions of the oblast with respect to growth of crime. Here crime overall increased by a factor of 1.5, crimes against the individual—by a factor of 1.8, and crimes against personal and private property—by a factor of 2.9. The number of individuals against whom criminal charges were filed increased by a factor of 1.4.

Crimes against the individual have as their target the life, health, freedom, and dignity of an individual. The rate of increase of this type of crime overall throughout the oblast—16 percent—was surpassed in Tolyatti, and in Bolsheglushitskiy, Borskiy, Yelkhovskiy, Krasnoarmeyskiy, Koshkinskiy, Neftegorskiy, Pestravskiy, Pokhvistnevskiy, Privolzhskiy, Sergiyevskiy, and Shentalinskiy Rayons. Crimes against the individual were committed every two hours. Crimes of this variety were committed most frequently in the cities of Samara and Tolyatti, and in Volzhskiy, Krasnoyarskiy, and Pokhvistnevskiy Rayons.

Criminal charges were filed against 23,635 individuals—5 percent more than for the same period last year. If we were to arbitrarily evaluate the activity of internal affairs organs using the ratio of criminal suits to recorded crimes, we would see that police activity on the whole throughout the oblast is increasing, the number of crimes having increased by 0.3 percent while the number of individuals charged with criminal activity increased 0.5 percent. Growth in numbers of individuals charged with criminal activity exceeds the growth in numbers of recorded crimes in the cities of Zhigulevsk and Oktyabrsk, and in Volzhskiy, Yelkhovskiy, Isaklinskiy, Kinel-Cherkasskiy, and Shigonskiy Rayons. Nevertheless, we see the opposite picture—rise of registered crime exceeding the increase in individuals charged—in the cities of Novokuybyshevsk and Otradnyy. This is the situation that has come to take shape in most rural regions of the oblast—in Alekseyevskiy, Bogatovskiy, Bolshechernigovskiy, Borskiy, Kamyshlinskiy, Kinelskiy, Krasnoarmeyskiy, Krasnoyarskiy, Neftegorskiy, Pestravskiy, Pokhvistnevskiy, Sergiyevskiy, Stavropolskiy, Syzranskiy, Khvorostyanskiy, Chelno-Vershinskiy, and Shentalinskiy Rayons.

With regard to rayons of the city of Samara, the greatest number of registered crimes overall was observed in the Kirovskiy and Promyshlennyy Rayon Internal Affairs Directorates (about 3,000 crimes); for rayons in the city of Tolyatti, the greatest numbers were recorded in Avtozavodskiy (6,000) and Tsentralnyy (4,300) Rayons. While a certain decrease was seen in the numbers of recorded crimes in Samarskiy, Leninskiy, Oktyabrskiy, Krasnoglinskiy, and Promyshlennyy Rayons, the crime rate continues to increase in Kirovskiy, Sovetskiy, and Zheleznodorozhnyy Rayons, and especially in Kuybyshevskiy Rayon. The rate of growth of crime increased over that of the number of persons charged with commission of crimes in the Kirovskiy Rayon Internal Affairs Directorate. In Avtozavodskiy Rayon of the city of Tolyatti, a certain diminution was noted, in Tsentralnyy Rayon—a slight rise; while in Komsomolskiy Rayon, the increase in registered crimes, not large in absolute terms—2,600, reflected a rate of increase higher than that seen in the other rayons mentioned.

Whereas 15 crimes were registered per 1,000 individuals overall throughout the oblast, the real bastions of crime in the oblast are the cities of Tolyatti, Otradnyy, and Oktyabrsk, and the rayons of Chelno-Vershinskiy, Shentalinskiy, Privolzhskiy, Krasnoyarskiy, Yelkhovskiy, Bogatovskiy, and Bezenchukskiy.

The most dangerous rayons of the city of Samara are Samarskiy and Leninskiy Rayons.

Samara Oblast Health Statistics Reviewed

954F1610B Samara SAMARSKAYA GAZETA in Russian 2 Feb 95 p 3

[Article by D.A.: "Fewer People Sick Today From Colds—More From Love—Latest Report From the Sanitary and Epidemiological Inspection Service"]

[FBIS Translated Text] Anybody can get sick at any time with anything. All the same, there exists a fairly precise division of illnesses into "summer," "winter," and "mid-season."

Hepatitis A is a year-round illness, but its intensification is observed primarily in winter. Incidence of this illness increased 28 percent last week over the previous week. Hepatitis is spread through personal contact. In other words, if just one individual in a collective has the disease it is easy for the rest to become infected. This is exactly what happened at Boarding School No. 6, where eight people fell ill, and at Children's Home No. 2, where 10 children are ill.

We see a more optimistic picture with respect to the flu. The expected epidemic did not take place. Today we have 42 incidents of illness per 100,000 individuals—half of epidemic level. This is apparently the beneficial result of the mass immunization of the populace conducted in the fall. It is possible we will see an epidemic all the same, but it will occur a bit later, in March. If you want to remain healthy, the advice is simple—take multiple vitamins and clean up your apartment more frequently.

But the rise in incidence of venereal disease is alarming. The number of syphilis cases in 1994 was double the 1993 figure. Kirovskiy Rayon (2.5 times) and Kuybyshevskiy Rayon (2.4 times) stand out in this regard. Registered cases of gonorrhea fell by a factor of 1.4 on the average, although an increase was noted once again in Kuybyshevskiy Rayon. But there is no reason to rejoice at this reduced incidence—gonorrhea is a less serious illness and many people presumptuously attempt to cure it on their own. To no avail.

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Samara Preparing City, Oblast Maps

954F1609A Samara SAMARSKIYE IZVESTIYA in Russian 14 Feb 95 p 2

[Article by Sergey Nagayev: "This Card Is a Winner"]

[FBIS Translated Text] Of course, we will not be talking about the marked cards [karta] of card-sharpers, but about real topographic, geographic, and other maps [karta] of the oblast and the City of Samara. The Middle Volga Aerogeodedic Enterprise has already been working many years on the manufacture and development of such maps. This enterprise still remains classified in our time, inasmuch as 90 percent of the work is conducted with secret information. Of course, the persistent fight against espionage had its results, and the "secret" stamp was removed from some maps. But the main part of the produced product remains inaccessible to a wide audience.

Maps for limited, special use remain classified. The customers are planning organizations engaged in the building of any structures (from road networks and buildings to communications links and sewer systems), ministries associated with conducting land inventories, military departments, aviators, and river transport workers. Incidentally, by definition, a map is secret if it contains information that is a state secret. Secret objects are artificially removed from maps that are in retail trade, or they are so small in their parameters that they are not reflected on maps with conventional symbols.

Remember the photography of Samarskaya Luka [bend of the Volga River] from outer space which adorned wall calendars about five years ago? The "secret" stamp was removed from it, but the classified objects were simply colored over with black paint. And numerous defense plants of the City of Samara—Progress, Ekran, ZIM [test vehicle plant], etc.—appeared before the eyes of the broad public as a blot. This was the first and the last imagery of conditions of the earth from outer space to the present time.

Whatever one may say, a map of a city is necessary at times not only for the departments and ministries, but also for the ordinary citizen. After all, Samara is not three streets and two dead ends, but a city of a million people. It is often oh so difficult to find some Sredne-Severnaya or Novo-Lagernaya Street. Therefore, there are also maps for general use. Moreover, in addition to the usual tourist fold-out maps, so-called office variants of the map of Samara have appeared in retail trade. These are wall panels with a measurement of 3x2 meters, a 1:10,000 scale, consisting of nine sheets, and a second variant—smaller by a factor of 2.5, with a scale of 1:25,000, consisting of two sheets. The cost of such city plans for those designated "office" is R90,000 for the large map and R35,000 for the smaller map. But these productions of cartographic art are worth it. And these and many other maps can be bought in a specialized kiosk that is located at the intersection of Prospekt Kirova and Stara Zagory Street.

Preparations are now under way in the Middle Volga Aerogeodedic Enterprise to open a specialized shop for conducting work on order of the city administration. But the order is really global—for the creation of a city cadastre—this is a list of information on ground objects with various features: their layout, cost, whom they belong to, functional requirements, etc. That is, the question concerns the creation of a digital model of the map of the City of Samara that will make it possible in the future to superimpose all information in a diagram. To put it more simply, a detailed map of the city with all objects is stored in the computer, and afterwards detailed information about these objects, right up to who lives in what apartment, to whom one sector or another belongs, how many trees grow in "N" lane. The city cadastre is a dossier that, in order to remain effective, must be continuously updated. Undoubtedly, if all of this information is available, it will be possible to manage the city, in a direct sense of this word, more efficiently. This kind of city dossier has already existed in the West a long time. To date, not one has been established here in Russia. Work in this direction is now being conducted in almost 20 regions of the country. And although a national program in support of the project has already been worked out, great difficulties have emerged in the collection and systemization of data.

For example, Samara has about 1,500 streets. And encountered among these are those that have several spelling variants. Take just Fadeyeva Street. In one place, it is Boris Fadeyev Street, in another—B. Fadeyev, and in a third—imeni B. Fadeyev. Which is correct is not known. There is no single approved list of streets at the present time. There is approximately the same kind of problem with the borders of city rayons. In what specific place (and the accuracy must be up to a centimeter) does the border pass? But if your garage, for example, stands on debatable territory, confusion already arises here—to what rayon budget is the land rent paid? Even the border of the city itself in the area of the settlement Rubezhnyy has still not been defined. Well, how about questions of ownership that are directly related to tax payments?... But this, after all, is one of the main information components of the cadastre. Yes, of course, there is no end of work. But the effort is worth it. The prospects for the application of the program are truly inexhaustible.

At the present time, the Middle Volga Aerogeodedic Enterprise is compiling a "computer dossier" of Zheleznodorozhnyy Rayon of Samara. It will encompass the entire city in the future. And if this process stays on a smooth track, it will certainly help put things in order in the life of the city in the Samarskaya Luka.

Tyumen Administration Chiefs Meet on Current Tasks

954F1632A Tyumen TYUMENSKAYA PRAVDA in Russian 11 Feb 95 p 1

[Article by Yekaterina Pletneva: "Day Arrives in Sparrow's Steps"]

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[FBIS Translated Text] **You could not call the results of our oblast's socioeconomic development in the past year heartening. Production has declined in practically all fields. But consolation may be derived from the fact that things are even worse in other oblasts of Russia, and we do have positive changes in some respects.**

By the end of 1994, for example, the decline in production had slowed at mechanical engineering enterprises. Twice as much was built in the way of roads and gas pipelines as in 1993, and the introduction of housing and socially significant facilities increased. According to statistics, our oblast has the highest wages. Against the background of the slump even these "sparrow's steps" implant hope of at least relative stabilization. But what is the forecast of the territory's socioeconomic development for the current year?

This was the first item on the agenda of a meeting of heads of administration of cities and rayons of the oblast that was held recently by L. Roketskiy, head of the oblast administration. S. Chikirev, chairman of the Economics and Forecasting Committee, who presented the report, said that first and foremost in 1995 work would continue on the extension and development of the reforms. Stage two of privatization with the attraction of real investment resources will be realized and work on the reorganization of insolvent enterprises and the development of small-scale enterprise will be intensified. There will be somewhat of a slowing of the decline in industrial production. The oil and gas branches will, as before, exert the decisive influence on the volume of commodity output, although the production of oil will decline.

If we are speaking of the work of the agro-industrial complex, all the prerequisites for an increase in the production of grain, potatoes, and vegetables have been created. But the contemplated volume of the animal husbandry product will only provide the processors, who, by all accounts, will have a hard time of things, with raw material to the extent of 50 percent. They will now, it would seem, come to strongly esteem the commodity producers.

A system of procurements of agricultural products from farms of all forms of ownership, of the private sector included, has to be created for stabilization of the agro-industrial complex. It is essential to form wholesale and retail food markets and oblast food stocks on a contractual basis. On the whole, the forecast of the development of the oblast's economy promises neither great achievements nor global upheavals. In my view, it may be characterized by the words "we will hold the line!"

This reflects also the oblast draft budget for 1995, which was presented by K. Fazleyev, first deputy chairman of the Finance Committee. The revenue side of the budget provides for R1.6 trillion with a deficit of 10 percent. According to Konstantin Mikhaylovich, this is a small and entirely practicable deficit even by Western standards.

The budget contemplates an increase in the funds for agriculture. Some R29.9 billion, on account of which contracted food purchases will be prepaid, are contemplated for the organization of regional food stocks alone. The conditions of the allocation of funds for the sowing campaign and the purchase of fuel for the spring field operations are being analyzed at this time. As you can see, the oblast administration intends to give the peasants who are working conscientiously the utmost support.

The budget contemplates big infusions in road building. It is planned to allocate R378 billion for this purpose in the south of the oblast alone, but the budget's surprises may not please tenants inasmuch as a reduction in the funds for the maintenance of housing is contemplated. This part of expenditure is gradually being shifted onto the citizens and, one never knows, will weigh down on them since an appreciable increase in society's living standard, considering the ever increasing subsistence level, is not expected.

Discussing the draft budget, the heads of the cities and rayons did not, understandably, decline the subventions but nor did they cry on one another's shoulders. Many expressed their thoughts on the subject of how and from what they intended to replenish the revenue side of the rayon budgets. The answer to this question was linked more often than not with the organization of manufacturing enterprises.

Supporting one another, the speakers advocated that the income taxes on such tax-intensive enterprises as the railroad and the organizations involved in gas supply remain in local hands. Then things would be easier with the transition to self-financing also. As yet only Tyumen is "earning its own living," being, in addition, the principal "supplier" of subventions to the rayons of the south of the oblast. Tobolsk, which is close in terms of all indicators to switching to self-financing, instills big hopes.

The short speech of S. Martynushkin, first deputy chief of the oblast administration, was optimistic. Sergey Nikolayevich said that "serious work has to be done, but we are now living better than last year. We need to form a social order for all enterprises of the oblast and not purchase outside what can be made here. Thirty percent of invested funds would then be returned to us in the form of taxes." V. Baryshnikov, chairman of the oblast Duma, expressed displeasure at the fact that while making complaints about the legislature in connection with the collection of taxes, not one administration chief had submitted constructive proposals, which they would have been better doing.

Concluding the first part of the meeting, L. Roketskiy, chief of the administration of the oblast, said that we would now live only in accordance with the budget. It was proposed that the administration chiefs draw up their own plans of socioeconomic development of the territories, which should determine the prospects of the arrival at self-financing and the transition of any locality to self-government. All are required to earn a living

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themselves. Things are headed toward a point where no one will be sharing revenue.

Moscow Denies Building Up Border Forces in Kurils

LD1403202195 Moscow ITAR-TASS World Service in Russian 1427 GMT 14 Mar 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Translated Text] Moscow, 14 Mar—The Federal Border Service (FBS) of Russia has denied allegations by the Japanese press that the number of border troops in the region of South Kurils are likely to be sharply increased. An ITAR-TASS correspondent was told today at the Main Staff of the Border Troops that the large-scale operation "Putina-95" [anti-poaching campaign] that began on 1 March, and the expected formation of three divisions of various types of forces in the Border Troops, were not aimed at expanding the naval forces or the land border units in the Far East.

Rear-Admiral Sergey Skalinov, the deputy commander of the Naval Force of the Russian Federation Border Troops, told the ITAR-TASS correspondent that the Border Service troops were being reorganized in order to increase the efficiency of command and enable the border guards to perform their task using minimum resources. Considering the present economic situation in the country and the call-up problems, there can be no talk of increasing the manpower in border detachments, naval forces, and aviation, he said.

Japanese press reported on Monday [13 March], quoting unnamed "Western military sources in Moscow" that, at the moment there are 4,000 border troops on the islands of Iturup, Kunashir, Shikotan, and Habomai. According to the same "sources," their number may be increased to approximately 10,000.

However, Sergey Skalinov said that there are significantly fewer border troops in South Kurils at present, and that there is no need to build up forces in that region.

Maritime Kray Cites Statistics on Women

954F1693A Vladivostok KRASNOYE ZNAMYA in Russian 7 Mar 95 p 1

[Survey prepared by female assistants of the Maritime Kray State Committee for Statistics: "Your Name Is Perfection: Several Facts From the Life of the Women of the Maritime Region"]

[FBIS Translated Text] Some 1.154 million women live in our kray, 899,000 of whom in an urban, 255,000 in a rural, community.

Women's labor is employed in all branches of the economy. The following branches may be termed female: lending, finances, state insurance, health care, trade and public catering, education, communications.

According to data of the kray's employment service, three-fourths of unemployed persons registered on 1 February 1995—approximately half of them have children below the age of 16, and one out of every 10 is a single mother.

Women earn less than men. The monthly pay of women working as meat boners is 79 percent of that of men; of plasterers, 45 percent, and electricians, 88 percent.

The results of the survey testify that every nurse, kindergarten supervisor, and elementary-grade teacher has an income that is below the subsistence minimum. In order to pull themselves up to a level close to the subsistence minimum, the majority of these women have to work a 48-hour week. This is eight hours more than the established work week.

Every woman wishes to indulge herself in a new dress for the holiday. A dress made in a tailoring establishment costs a total of R130,000, and the price of a meter of silk cloth fluctuates from R10,000 to R30,000. Some R30,000 have to be paid to have one's hair done professionally.

Work and family-domestic duties leave women no time to take care of their health and bear healthy children.

Various illnesses cause 65 percent of pregnant women childbirth complications, as a result of which only one-third of all accepted births were classed as "normal."

Preschools are women's assistants in supporting and raising children. But their number is declining. Some 16,800 children here need to be found places in preschool establishments, including 12,200 in Vladivostok.

The instability in society, the social problems, the unchecked growth of prices, and the uncertainty as to the future are predetermining psychological and moral breakdowns, primarily in women.

There has been a considerable decline in recent years in the number of contracted marriages, and young people are increasingly marrying persons who are far older. Marriages were contracted last year in which the groom was 66, and the bride, 35, or 63 and 23, 46 and 19, and the other way about: a bride of 68, a groom of 31, or 63 and 34.

Some 5,212 women criminals were unmasked in 1994, which was 1.5 times more than in 1993.

Their proportion in the total number of criminals is growing and constituted 13.4 percent, that is, one out of every seven persons arrested was a woman criminal (one out of every nine in 1993), and half of them lacked a permanent source of income (homeless, vagrants), what is more.

The woman herself is increasingly becoming the victim of homicides. Whereas in 1989 some 79 women died a violent death, last year their number rose to 200. Almost as many women departed life voluntarily.

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The data presented above show that the position of women is plainly and directly influenced by the crisis situation in the socioeconomic and political spheres and the inattentive attitude of the authorities toward the future of our children and society as a whole.

Economic Issues

Panskov Quizzed on Budget, Taxes, Economy

MM1503095295 Moscow TRUD in Russian 14 Mar 95 p 2

[Interview with Vladimir Panskov, Russian Federation finance minister, by Vitaliy Golovachev: "Vladimir Panskov: Instead of 60 Taxes One Will Be Introduced"]

[FBIS Translated Excerpt] [passage omitted] [Golovachev] Vladimir Georgiyevich, where has the money gone in Russia? In contrast to the old USSR we have abandoned senseless expenditure on the military-industrial complex, subsidies for former union republics, aid for Cuba and Angola, and so on. We should be awash with money. But the USSR had means, and all we have is debts. Maybe it is all about the $20 billion that are secretly being taken out of the country?

[Panskov] Let me tell you, all countries have shadow economies—flourishing Western countries and developing ones; we had one in the USSR as well, of course. It is all a matter of scale. I do not share the view that that $20 billion went out of the country through shadow economy channels last year....

[Golovachev] How much, then?

[Panskov] No one will give you an exact figure, but I believe it is much less than 10 [billion]. In the first year of the reforms, when everyone was savoring the freedom and laws were changing rapidly, $20 billion may well have gone, but in my view this is inconceivable now.... Moreover, some of the money that went is now returning in the form of investments.

[Golovachev] Nonetheless. If $20 billion were transferred abroad from Russia in 1992, $15 billion in 1993, and $10 billion in 1994, then $45 billion have ended up somewhere abroad—a tidy sum.

[Panskov] A tidy sum. But it would be wrong to say that the current monetary and financial crisis in Russia is due entirely to the growth of the shadow economy, the "plundering" of the country (which is taking place, of course). The transition from the old unwieldy, inefficient, and in many respects disorganized economy to a market economy is, on the one hand, objectively a very arduous process, and, on the other hand, not without errors and serious miscalculations. Plants have closed down, production has been cut (by more than half), treasury revenue has diminished—these are the main reasons for the financial crisis. You said that vast resources had gone on the military-industrial complex without any return, as it were, But that is wrong, since more than half of the military-industrial complex' products were consumer goods (refrigerators, televisions, and so on). Plants are stopping work, so production of these goods has been cut too. And they used to provide massive budget revenue.

But since the middle of last year the production decline has not only slowed, but has stopped altogether in a number of cases. In January-February this year the overall decline was only 4 percent. This makes one optimistic that the crisis is beginning to bottom out. In the financial sphere we firmly intend to conduct a very tough policy in order to keep within the authorized and advisable budget deficit.

[Golovachev] Do you think this can be achieved given the enormous debts to the countryside, the military-industrial complex, and other sectors?

[Panskov] I don't think, I am sure. The draft budget provides for means for the countryside, the military-industrial complex, and other purposes. We will only spend what we have. And the first two months of this year confirm that we can achieve this. Do you know what the budget deficit was in January and February? Six trillion. For the year as a whole,as you know, the draft budget envisages a deficit of 73 trillion, of 6 trillion per month. That is, in January and February we managed to get the budget deficit down to half of that provided for. Of course, this tough position cannot be maintained over the year, indeed it needn't be, but, nonetheless, the start of 1995 is highly symptomatic.

[Golovachev] Everyone is asking for money.... What if someone's request is signed, for example, by the premier or president, but the budget does not have the resources, can you decline to provide the money?

[Panskov] ...In such cases the Finance Ministry presents an objective analysis and detailed accounts to the premier or president. Incidentally, our task is now much simpler. Presidential Edict No. 226 was signed on 28 February. A procedure is being introduced whereby all decisions involving federal budget expenditure that is not provided for in the budget and that also curtails its revenue base are made exclusively on the basis of presidential edicts. Now I can simply cite Edict No. 226 and say: I cannot provide the money, and in order to go to the government or to the president with proposals you need substantive arguments and accounts. So please supply them.

[Golovachev] But the big "industrial barons" sometimes go direct to the president. The press reported, for example, on a presidential resolution on a letter from the director of the Rostov Agricultural Machine Building Plant that the Finance Ministry allocate several trillion rubles [R] to the plant. And that was before Edict No. 226. It was allocated, of course?

[Panskov] The president essentially instructed us to look into the situation, and that we are doing. We are calculating and analyzing and seeking sources of finance. So far we have allocated R80 billion in the form of a repayable loan....

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[Golovachev] The State Duma decided to cut expenditure on the managerial apparatus by R1.7 trillion....

[Panskov] It was an emotional, knee-jerk decision by the deputies, with no economic calculations behind it, no justification. Indeed, many simply did not realize what sum was involved. The managerial apparatus must be cut, of course, but in a very deliberate way. What they are telling us to do now is cut the entire management sphere by one-third—meaning, both the body of deputies and government and presidential structures.... It is unrealistic. Most important of all, there will be no saving this year. Indeed, those who have been released have to be given a three-month gratuity on release, enormous sums will have to be spent on retraining them for six months, and someone has to pay the gratuity....

[Golovachev] But how realistic and feasible is the reduction of the managerial apparatus?

[Panskov] It can be cut by 5-7 percent, primarily by not filling vacancies and through retirements. This will provide R300 billion.

[Golovachev] What are the problems in the financial sphere that worry you most?

[Panskov] Budget federalism. In the course of the reforms, the budgets of the Federation's components became economically independent (in the context of our laws, of course). This is a fundamentally important step. But then the reform faltered. I am talking about relations between the budgets of the Federation's components and local budgets, of which there are more than 30,000 (city, settlement, rayon). Local budgets fund expenditure on health, education, culture.... Two-thirds of social expenditure is funded by regional and local budgets, and only one-third by the federal budget. The saddest thing is that in most oblast centers nothing has really changed: The center is just as it was before, implementing diktat, with the same old centralized planning and the same old centralized administration in the finance sphere... There are certain positive examples, for example, in Rostov Oblast, in Chuvashia, and in a number of other regions, but they are exceptions to the rule. The Finance Ministry's task is to devise methodology and instruction materials that will bring the reform to the local budgets and make the economically independent too. Of course, this will also require decisions by the legislative authorities.

The second problem is taxes. We are undercollecting, according to Finance Ministry experts' calculations, to the tune of more than 20 percent of the taxes. Look who the tax services are working with at the moment. Primarily with the major structures and former state enterprises; they are checking them out and fining them.... The entire network of small retail outlets, stalls, and private enterprises, employing two, five, 15 people, remain as it were outside the "tax space." After all, you cannot put a tax inspector on every stall.

Moreover, many are not paying taxes not because they are out to cheat. On the contrary, they would like to settle up up with the state, so they don't feel like "criminals." But is rather hard to do. At the moment there are 43 types of legislatively established taxes. Add to them the taxes which the local authorities are free to introduce. They can total 60 and more. So you would have to employ a special accountant, or perhaps more than one, and is a firm of, say, three people able to do this?

The Finance Ministry decided to radically alter this system. We came up with a "revolutionary" proposal: For enterprises and organizations employing fewer than 20 people all these dozens of taxes will be abolished and replaced by just one. It will be split into two lumps: One will go to the federal budget, the other to the local budget. Payments will come out of income. This will make accounts, records, and controls much easier. The entrepreneur will not have to pay profits tax, value-added tax, property and land tax, or tax on the license to trade.... One tax is easy to calculate and convenient to supervise. The Finance Ministry has now put this plan to the government, and it will be sent to the State Duma afterwards.

[Golovachev] That is very interesting, but won't the new tax be so massive as to stifle the entrepreneur?

[Panskov] Of course not. The figures may change, but at the moment the plan has 10 percent of income going to the federal budget and no more than 20 percent to local budgets.

[Golovachev] How much would this give the federal budget?

[Panskov] Hundreds of billions, or rather trillions of rubles.

[Golovachev] We know about small enterprises, but what about large ones? Are they not also groaning under the weight of having to constantly pay dozens of taxes?

[Panskov] We are working on this at the moment. A program and tax code are being created.... We have already submitted proposals to the Duma on reducing the number of taxes.

[Golovachev] How big a reduction?

[Panskov] At the moment, for example, there are 23 legislatively established local taxes and we are suggesting that we keep 10. The number of federal taxes will be reduced by four. The total number of taxes will be more than halved. Moreover, the plan is to abolish local organs' right to introduce any kind of new unrestricted local tax.

[Golovachev] When will all this be adopted?

[Panskov] I don't know. The Duma takes its time....

[Golovachev] What do you think of the idea of using flexible taxes as an incentive for those producing more goods?

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[Panskov] We are working very vigorously in that area. We are considering several variants. Take one proposal, for instance: To establish differential tax rates. Those engaged in reselling goods and those who earn money from the "circulation" of capital will pay more; those who engage in production will pay less. Or take another proposal: Enterprises should keep their profit and it should not be taxed if it is obtained not by raising prices but by increasing production for the mass market. We are proposing that this experiment be carried out, on the local administration's initiative, in Stavropol Kray. A draft presidential edict is in preparation.

The general idea is to provide incentives for commodity producers. Although I must say that we will not solve this problem through taxes alone. The main thing is to curb inflation. Until we do that there will be no investments in production.

[Golovachev] Incidentally, what are your forecasts for inflation?

[Panskov] I am pretty optimistic. I think inflation will be 6-8 percent in March, 5 percent in April and May, and then, unless we do something silly or something untoward happens, the rate at which prices rise will fall to 1-2 percent in the latter half of the year.

[Golovachev] At a government session the Finance Ministry cited data on the expenditure in January and February of the three ministries most involved in the Chechen operation—the Defense Ministry, the Internal Affairs Ministry, and the Ministry of Civil Defense and Emergency Situations and the Elimination of Natural Disasters—R6.8 trillion. In their report the Finance Ministry experts stressed: "The utilization of more funds than envisaged in the month's budget for the elimination of the Chechen conflict meant that social items were not fully funded." A. Illarionov claims that the war in Chechnya is costing $60 million per day. What is the actual expenditure on Chechnya?

[Panskov] The figures cited above are the total expenditure for these departments. As for expenditure on Chechnya, it is as follows: Some R200 billion have already gone on priority recovery work, and military expenditure (from the start of the combat actions to now) is around R800 billion. All this money has come out of resources allocated to the relevant departments. Of course, Chechnya will require further expenditure and this is bound to affect some other budget items, but we will not resolve the problem by printing money and we will not be exceeding the established deficit.

[Golovachev] There is a closed area in our statistics—the pay of the ministerial and departmental apparatus. The data were made confidential on the initiative of a previous finance minister. Is it not time to lift the ban?

[Panskov] I am wholly in favor of this. Moreover, I think these data must be published.

[Golovachev] So can you tell us what the average pay is in the Finance Ministry?

[Panskov] In January it was just over R800,000. We paid bonuses for 1994. But our average pay for February was around R500,000.

[Golovachev] What do you think about the "sensational" ideas: revaluation of the ruble, fixing the ruble rate?

[Panskov] In certain conditions—inflation falling to 1-2 percent, a budget deficit of 5 percent and state hard currency reserves of over $10 billion—this is perfectly possible.

[Golovachev] Do you think these conditions will exist at the end of the year?

[Panskov] Yes, I think we are headed that way....

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International Affairs

Economy Minister Leaves for U.S. Visit

LD1403213495 Moscow INTERFAX in English 1922 GMT 14 Mar 95

[FBIS Transcribed Text] KIEV, Mar 14 (Interfax-Ukraine)—Ukrainian Economy Minister Roman Shpekh left for the U.S. Tuesday [14 March], officials in the ministry press service told Interfax-Ukraine.

He is scheduled to meet with the managers of the World Bank and White House, State Department and Treasury officials and congressmen.

The goal of the talks is to study the possibility of further credits from international financial bodies and the U.S.

Before the take off Shpekh said: "Ukraine stays on the course of reforms. In this difficult period when the legacy of the past is a handicap we need support. The visit of Michel Camdessus, the IMF managing director to Kiev and meetings with World Bank and donor country officials confirm that we will have the aid."

U.S. Inspectors Check START-1 Compliance

LD1403205395 Moscow INTERFAX in English 2006 GMT 14 Mar 95

[FBIS Transcribed Text] KIEV, Mar 14 (Interfax-Ukraine)—A team of U.S. military inspectors finished checking a Ukrainian Air Force base in Uzin, near Kiev, Tuesday [14 March].

This was the fourth American inspection in Ukraine to verify the former Soviet republic's compliance with the START-1 strategic arms reduction treaty, the Ukrainian Defense Ministry said in a press release obtained by Interfax-Ukraine.

Tarasyuk: Relations With Japan Enter 'New Phase'

LD1403195495 Moscow INTERFAX in English 1802 GMT 14 Mar 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, Mar 14 (Interfax-Ukraine)—The Japanese-Ukrainian relations have entered a new phase, Ukrainian First Deputy Foreign Minister Borys Tarasyuk told a briefing in Kiev Tuesday [14 March].

Tarasyuk had visited Tokyo last week as head of a working delegation to prepare President Kuchma's visit to Japan scheduled for March 22-25.

Tarasyuk said the visit will produce "several bilateral documents," the main one being a joint statement to determine the political and legal guidelines of bilateral relations.

Answering an Interfax-Ukraine question, Tarasyuk said the visit touched on Ukraine's attitude to expanding the number of permanent members of the U.N. Security Council. "Relevant provisions reflecting the two sides' approach to the subject are likely to be included in the final document," Tarasyuk said.

During his stay in Japan, Kuchma will meet the Japanese emperor and hold talks with the prime minister.

"We can state that the Japanese government, political, parliamentary and business circles show a true interest in Ukraine," Tarasyuk remarked. In Japan he had met representatives of a business and banking association encompassing about 1,000 companies and banks. The Japanese businessmen showed considerable interest in cooperation with Ukraine, he added.

In addition, Tarasyuk held talks in the Japanese parliament where he attended the creation of a parliamentary association for Ukrainian-Japanese friendship.

Foreign Ministry Briefing on Russia, Japan Visits

LD1403143095 Kiev UNIAR in Ukrainian 1250 GMT 14 Mar 95

[FBIS Translated Text] Kiev, 14 Mar—Yuriy Dubinin, ambassador-at-large and a member of the Russian delegation for preparing the wide-ranging Ukrainian-Russian treaty, paid a one-day visit to Ukraine yesterday.

Yuriy Serheyev, head of the Ukrainian Foreign Affairs Ministry's Information Service, informed journalists at a regular briefing that the Russian diplomat held consultations on subjects to be discussed at the coming summit meeting. The meeting is planned for the end of March, and, according to Mr. Serheyev, no official information on postponing the date of the visit has been received. The Foreign Affairs Ministry employees "are not authorized" to reply to other questions connected with Yuriy Dubinin's visit.

Volodymyr Khandohiy, a member of the Foreign Affairs Ministry Collegium and head of the International Organizations Directorate, briefly reported on the Ukrainian delegation's participation in the world summit meeting on social development, which took place in Copenhagen 6-12 March. Delegations from approximately 180 countries and approximately 130 heads of state and government took part in the forum.

A program of joint actions determining the strategy of cooperation between countries and a declaration were adopted as a result of the forum's work. The latter contains an appeal to donor countries to increase economic aid to developing countries and to those that have embarked on a path of reforms.

President Kuchma is to pay an official visit to Japan at the invitation of that country's government on 22-25 March. It is envisaged that a "joint statement by Ukraine and Japan" will be signed as a result of the summit

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meetings. The document is to determine the basic principles of building bilateral relations and long-term cooperation trends.

A Ukrainian delegation led by First Deputy Foreign Affairs Minister Borys Tarasyuk visited Japan on 8-11 March to prepare for the visit. The Ukrainian diplomats held a series of talks at Japan's ministries and departments and with representatives of business circles.

The Japanese side expressed its readiness to include Ukraine in its state program of financial and technical aid to countries. In connection with this, it is envisaged that Ukraine will acknowledge at a bilateral level that it is a developing country.

Borys Tarasyuk reported that the association of Japanese enterprises "KEIDANREN," which unites approximately 1,000 banks and firms, has set up a committee to promote cooperation with Ukraine.

Foreign Ministry Official on Easing FRY Sanctions

LD1403133295 Moscow INTERFAX in English 1233 GMT 14 Mar 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, Mar 14 (Interfax-Ukraine)— The main task of Ukrainian diplomacy in the context of losses caused by the observation of UN sanctions against ex-Yugoslavia is to work for their easing, a senior official at the Ukrainian Foreign Ministry Vladimir Yelchenko told Interfax-Ukraine in an exclusive interview.

"We want at least the shipping along the Danube to be simplified. Those were the tight shipping regulations introduced by the committee for sanctions at its own initiative that hit the interests of third countries most of all," the Ukrainian diplomat claimed.

According to him, at the end of 1994 an experimental voyage was made from Zaporozhye to Austria - iron ore was transported without intermediate customs examination. "We want such voyages to become regular", the diplomat said.

"Even though the current period is not the best one for raising the question of sanctions, Yelchenko said, efforts are made in this direction, too." He spoke of the initiative of Greece to lift sanctions for a short time as an experiment. Greece invited Ukraine to cooperate with it on the matter.

Yelchenko expected changes for the better this year on the question.

National Affairs

Kuchma Faces Opposition in Search for Premier

MK1403121095 Moscow NEZAVISIMAYA GAZETA in Russian 14 Mar 95 p 1

[Report by Vladimir Skachko under the "Ukraine" rubric: "Leonid Kuchma Wants His Own Prime Minister. Deputies Oppose It"]

[FBIS Translated Text] The government crisis in Ukraine, sparked by the resignation of Prime Minister Vitaliy Masol, has bared to the extreme the differences not only between the opposing power branches—the legislative and executive—but also inside the presidential camp itself. Nor is there a single view on the future government among deputies.

With the appointment of special service general Yevhen Marchuk as acting prime minister, the problem of government leadership has been solved only temporarily, the more so because Marchuk has been appointed for the duration of Vitaliy Masol's vacations; Masol's resignation was accepted by the president but has not been approved by parliament. Today, there are at least three points of view on the composition of the supreme executive power in Ukraine.

The first one is the old variant, existing today, where the prime minister and several key ministers are approved by parliament and the head of government plays an independent political role symbolizing a president-parliament form of rule. The prime minister is of course limited in controlling the government even if he is its head. The president himself, while being head of state, only performs the duties of head of government at the same time. Leonid Kuchma is out to alter this arrangement and strengthen the leadership of parliament by making the president head of government alone, and the prime minister independent and only accountable to the deputies for the economic state of the country. This is the model of a parliamentary republic advocated by ex-Prime Minister Vitaliy Masol, who in his latest interview spoke for a speedy passage of a law on a cabinet of ministers.

Some deputies and politicians, who also include supporters of the president's reform course, in particular the "Reforms" group of deputies, speak for finally eliminating duplication in the system of executive power, and generally for the elimination of the prime minister position. Supporters of this point of view want the president to form and head his own government, thus taking over the entire responsibility. Deputies advocating this have proposed the question of dismissing the entire government, which may be very well considered by parliament. In their view, the cabinet should be formed as a unified team.

And finally, the third variant, Leonid Kuchma's. The president wants to preserve the position of prime minister, who should perform the duties of president's first deputy for the government, with the president appointing the prime minister and forming the entire government as he thinks fit.

It has emerged that the presidential team has already started to carry out this plan, deciding to use the formation of a government as a tool to consolidate various groups of presidential supporters. A new Kuchma-style government may be a coalition government, and this coalition may comprise the above groups of supporters who will delegate their representatives to the cabinet. It

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has also emerged that acting prime minister Yevhen Marchuk is conducting corresponding preliminary consultations with various political parties and movements.

This variant has both positive and negative sides. The positive ones are obvious, but one can hardly hope for strong unions around a government of Ukrainian reform forces because they see reforms too differently. Besides, the lobbying actions by various regional economic groupings are hardly working for unity. This, in particular, is seen in the president's vetoed edict on financial-industrial groups drawn up directly by the president's team, while this edict was blocked in parliament by the "Reforms" pro-president group. In the view of "Reforms" group members, the edict is lobbyist and unconstitutional. It is quite possible in this situation that the man who is right is Volodymyr Lanovoy, one of the leaders of a non-presidential group of reformers, who has stated that the president will not for a long time nominate a candidate to be new prime minister subject to approval by parliament, so as to demonstrate all the advantages of a government leadership delegated by a unified presidential team.

Presidential Administration Official Appointed

AU1503095295 Kiev URYADOVYY KURYER in Ukrainian 11 Mar 95 p 1

[Unattributed report: "At the Ukrainian Presidential Administration"]

[FBIS Translated Text] The Ukrainian president has appointed Volodymyr Hryhorovych Yatsuba as first deputy chairman of the Ukrainian Presidential Administration, having relieved him of the post of head of the Administration for Territorial Issues subordinated to the Presidential Administration;

Stanislav Rustemovych Dyaminov has been dismissed from the post of consultant to the Ukrainian president for issues of power engineering in connection with his transfer to another job.

Moroz Comments on Adviser's 'Detention'

WS1403154595 Kiev KIYEVSKIYE VEDOMOSTI in Russian 10 Mar 95 p 17

[Interview with Supreme Council Chairman Oleksandr Moroz by Maryana Oliynyk at his office in Kiev on 8 March: "The Detention of Viktor Bozhenar Is Only a Link in the Same Chain"]

[FBIS Translated Text] We met with the Ukrainian Supreme Council chairman on the 8 March holiday. This was apparently the reason why it was not so difficult to obtain access to his office. (As a matter of fact, Oleksandr Moroz volunteered to present his point of view on the arrest of Oleksandr Bozhenar [adviser to Moroz] in a conversation with a KIYEVSKIYE VEDOMOSTI correspondent). The conversation was slow moving. Oleksandr Oleksandrovych [Moroz] did not feel well (he had the flu), but he seemed to have guessed what we would be talking about and where our conversation might lead.

[Oliynyk] **The mass media in Moscow, and then the Ukrainian media, have reported about the arrest of Viktor Bozhenar, adviser to the Supreme Council chairman. What can you say about this?**

[Moroz] First, let me clarify several things. We are not talking about an arrest, but rather a detention intended to find out certain information. However, in this case, too, everything should have been handled in a different way, let alone the fact that the parliament head should have been notified of the action being planned against his adviser in advance.

[Oliynyk] **Did you not know about it?**

[Moroz] I learned about this action from outsiders. On the next day, I invited the general prosecutor to my office for an explanation of what had happened. The first thing he did was apologize for not having informed me. It turned out later, however, that he himself was not on top of everything. The detention was executed at the order of Deputy General Prosecutor Olha Kolinko. The apartment of Viktor Bozhenar was searched (according to preliminary evidence, the results of this search left the initiators of this action disappointed). Several documents were confiscated from his office by a somewhat strange semi-legal method. No matter what, this office is in the Supreme Council. Some of them were documents that those who conducted the search had no right to see. This surprises and worries me. The action was conducted by Deputies Yermak and Omelchenko, whose convictions are well known. This convinced me even further that all this is part of a well-conceived provocation following up on the heels of the notorious "Akhtyrsk case." As is known, they managed to fabricate nothing at that time. So, they launched a "second episode."

But let us stick to the point. If the General Prosecutor's Office is already involved in this case, it should then answer all the questions. I hope that this will be done. I do not know the details of the investigation and would not like to comment on them before it is completed, especially before the trial. But the basic idea is as follows: Someone had allegedly promised a bribe to Bozhenar in exchange for making use of credits allocated by the National Bank for establishing an investment fund under the program of state stabilization of the Ukrainian productive forces [produktyvni syly]. But it is not logical—how can you ever accuse a man who, by the Supreme Council decision is the main organizer of the program's implementation, of such a thing? Concluding the establishment of the investment fund, he becomes the one who is in charge of its finances. Why would he accept bribes for something that he will handle, anyway? This collision is far- fetched. By the way, in December, I held a working meeting with leaders of the power structures in this very room—also attended by Olha Kolinko. We discussed the funds allocated by the Ukrainian

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National Bank. Indeed, the credit of 80 billion karbovantsi is a relatively large sum. It was extended based on a decision made by the Supreme Council on 24 February 1994—and, as you understand, before I headed the parliament. There is the parliament's resolution regarding this issue, and the events, the implementation of which was entrusted to Viktor Bozhenar, had already been planned.

[Oliynyk] **What is the fate of those credits?**

[Moroz] As often happens now, when the state earmarks credits for some purpose, there will always be commercial structures out to take advantage of them. This is just what happened when this credit reached the Odessa Banking Concern, the establishment of which was permitted by the National Bank, by the way. (Such banking consortia are set up to handle large credits). The situation called for the intervention of law- enforcement agencies. I have no doubts whatsoever that order really had to be introduced there. In November, Viktor Bozhenar himself asked me to help recover money from that concern, bring it back to Kiev, and then redirect it to other banks that would use it properly. I then invited the general prosecutor, and he transferred this case from Odessa to Kiev. The problem is that the individuals from Odessa, implicated in the case and facing criminal charges, explained their illegal actions by saying that someone from here, "up on high," demanded a bribe from them. I am convinced that Viktor Bozhenar has nothing to do with this. I think I know this man and his position pretty well. If he had not wasted his time for the state career, he would have been one of the most affluent men in the country by now. But he cares for the state. To confirm this, the stabilization program was endorsed by two presidential edicts (of the former president) that such respectable organizations as the Academy of Sciences, the Yuzhmash [Southern Machine-Building Plant in Dnepropetrovsk], and others were cofounders of the engineering center "Trud" headed by Viktor Bozhenar [as published]. On the other hand, I believe that the mechanism for financial support of that program should have been devised exclusively on a state credit basis. However, it is currently impossible. This is why an investment fund engaging commercial structures had to be set up.

I would also like to emphasize that the significance of this program was understood by political forces of different orientations, ranging from far right to left. Otherwise, it would not have been possible to make any credit-related decision on 24 February 1994.

To be sure, this story carries political overtones. Everything would have looked differently, had Viktor Bozhenar not worked as an adviser to the Supreme Council chairman. Certain people are eager to smear by all means the legislative branch, and me personally.

[Oliynyk] **Did [General Prosecutor] Datstyuk explain to you why a warrant for the detention was issued by his deputy?**

[Moroz] I did not ask her, you know. I consider it an internal affair of the General Prosecutor's Office. I would, however, be surprised if this had been done by some other person than Olha Kolinko. I could comment on this only as a private citizen, and not as the Supreme Council chairman. Nevertheless, the hoopla surrounding the sick man from Akhtyrka and the association led by Deputy Supreme Council Chairman Oleksandr Tkachenko, as well as the detention of Viktor Bozhenar, are all links in the same chain, involving the same actors, such as Hryhoriy Omelchenko and Olha Kolinko. This is an obvious attempt to use the law-enforcement agencies to settle political scores, and this is done simultaneously with attacks by some already notorious representatives of other structures of power aimed at the Supreme Council. I am certainly worried about this.

Rukh Faction on Presidium Reorganization

954F1689A Kiev GOLOS UKRAINY in Russian 3 Mar 95 p 3

[Article by Aleksandr Lavrinovich, deputy chairman of the Commission on Legal Policy Issues and coordinator of the Rukh faction: "Parliament Is Called On To Work for an Idea, Not for Its Abolition"]

[FBIS Translated Text] **Those who are interested in the work of parliament probably already know that the report of the Supreme Council Presidium, the necessity for which the non-Bolshevik deputies have spoken about for so long, is to be accomplished. Despite the stubborn resistance of the leadership of the Supreme Council, many deputy factions and groups, including the people's Rukh [Ukraine People's Movement for Perestroyka] faction, have succeeded in forcing the head of parliament to examine the question—which, incidentally, is stipulated by the regulations. Aleksandr Moroz habitually reproaches us for "intrigue": He says there are so many important laws that have to be examined, but "loudmouths" are distracting the Presidium from its work.**

As a matter of fact, it is necessary to examine laws, but not under the pressure of a party lobby whose role is so masterfully performed by the chairman of the Supreme Council and his first deputies. The numerous violations of the regulations on the part of Aleksandr Morozov and his method of leadership—deciding many important questions personally and continuously applying pressure in making decisions and illegal claims on the leadership of the country—have been causing apprehension for a long time. The chairman of the Supreme Council subordinated information and organization structures of parliament to the interests of the leftists, and his indulgences in the interests of party comrades are no longer a secret, even to the naive. You will recall the communists' attempt to reanimate the CPSU. At that time, with the active assistance of Aleksandr Moroz, a gross violation of the norms of the regulations of the Supreme Council occurred. The constant solidarity with the chairman guarantees the leftist majority complete license: Almost anything can be expected from such a leadership and from a majority with such a psychological and mental

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makeup. This is why the question of the Presidium's report on the last year, with possible practical conclusions regarding its future activity, has become so acute.

It is necessary to give him his due: Aleksandr Moroz cleverly repelled all our attempts to raise the question of the report. And only after becoming convinced that a majority of the deputy factions and groups was adamant, and that there was no escape, did Mr. Moroz fulfill the regulation norm.

The Supreme Council Presidium report is also necessary because all those who have taken part in abuses, regardless of how high a position they occupied, must bear responsibility. The Supreme Council Commission on the Fight against Organized Crime has established violations of the law by high officials of parliament, and, moreover, these violations have not an administrative but a criminal nuance. At one time, the Supreme Council Presidium passed a decree which obligated the Procuracy General to conduct a check on the activity of the leaders of the Supreme Council. But... Frightened by its own imprudence, the Presidium is now trying to recall its own decree.

Our faction is not thirsting for "blood." It is not even a matter of Aleksandr Moroz's specific personality. The question is much more serious: How to reorganize the work of the Supreme Council Presidium in order to eliminate those conditions under which arbitrariness on the part of the person who conducts the plenary sessions can flourish. So, this is the gist of the "intrigue" for which the leftists resent us so much.

The practice of the work of foreign parliaments, and our own as well, has proven that in a difficult situation, when resolving unusual questions, the best results can be achieved if the head of parliament cooperates not with his neighbors in the Presidium but with the chairmen of the deputy factions and groups. Consequently, this is what should underlie the leadership of the higher legislative organ of Ukraine. The elected speaker and the two deputies should continuously cooperate with faction leaders. This kind of method is the most rational.

I understand that a reorganization of the governing organ of parliament will not resolve all problems. After all, the most acute of them—the inability of the present Supreme Council effectively and consistently to establish legislative support for a specific reform policy—remains open. What can be expected from the parliament of a country whose members speak against the very existence of the country? They come out under various circumstances. One time, with demonstrations with small soiled flags, another time, with appeals to restore the "Indestructible Union," and again, with fierce resistance to reforms.

In June 1994 the Commission on Legal Policy on which I work offered changes and additions to the Law on the Formation of Local Authority and Self-Government, which provided for the direct election of managers of executive organs of local authority and a determination of the level of local self-government. The Commission on State Construction and Activity of the Soviets and Local Self- Government, headed by Mr. Steshenko, turned in an alternative draft based on the "eternal" principle of democratic centralism. It was approved in the first reading. Although the leftists did not succeed in getting a "full and final" return to soviet authority, their optimism is not abating. The draft Law on the Budget System recently submitted for parliament's review is the very same attempt, only in an economic version, to return us to the notorious socialist method of distribution.

Speaking against privatization, the leftists are placing the blame on the reformers for the fact that privatized enterprises are not working as well as state enterprises. You see, they say, where the capitalists in parliament and the government are heading—toward paralysis in the economy. Thus—no privatization, return everything to the state. And further, familiar eloquent appeals to defend the interests of the people. Indeed, privatized enterprises are working poorly today. Especially those where the property was redeemed by a large number of stockholders. This is natural. There will be no property as long as there is no critical owner or real boss who is responsible for all his actions. But opponents stubbornly make note of another eloquent fact: The newly created private enterprises work much better than state enterprises. I can name dozens of examples in Ukraine on the whole and in Kiev in particular. But it is better to be silent about what is not written in general policy.

It is not necessary to intimidate us with the stratification of society. It has always been stratified. Remember the epoch of the "developed" society—did an ordinary person have the right to raise his voice against the all-powerful party big wigs? It is not necessary to be afraid of rich people appearing. Let them appear; let them attain capital through work and talent and not with questionable operations. Like those who are now being investigated by the Procuracy General with respect to the actions of high officials in the Supreme Council in particular.

We should build the kind of society in which every person senses that his rights were not being infringed upon—regardless of who he is according to position. Indeed, it will not be easy to live in this society: A person will be compelled every day to make his own choice and answer for it (a sense of responsibility among a substantial part of society has unfortunately atrophied as a consequence of the socialist mode of life). At the present time in Ukraine, parliament has the right to choose, but it has no responsibility for this. What is more, the majority, with its leftist psychological mentality, is doing everything to discredit the new economic policy. On 15 June of last year Rukh proposed a program of measures to parliament concerning reformation of the economy. In particular, abolishing the compulsory sale to the National Bank of a proportion of the hard currency gains of exporters; abolishing the fixed dollar and ruble rate of exchange with respect to the karbovanets; abolishing the

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mandatory state order; and putting privatized property, housing certificates, and the like into circulation. This program provoked furious opposition and hostility in the Supreme Council, but the logic of life itself forced us to return to these questions. An interesting moment arises here. Those who were at the helm of the state are starting to implement Rukh's program, but they are implementing it unsuccessfully and inconsistently. If people are not only not convinced of what they are supposed to be doing, but are also doing it counter to their own will, then the result of the implementation in a majority of cases will be negative and will lead to a discreditation of the basic idea. I would very much not want an inconsistent and unprofessional implementation of our proposals to work once again to discredit them, to discredit economic reforms, and to discredit our statehood.

Proceeding from the logic of social development, I believe in the future of the Ukrainian nation, and I believe that the process of creating the state, despite leftist turns, will be concluded in a proper way: We will become a worthy European people. I believe in the victory of those forces and those organs that work for an idea, not for its abolition.

But our parliament... What about our parliament? Deprived of its current ruling clique, it could get an opportunity to execute its mission—to ensure a civilized political structure in Ukraine. Not much can be demanded of our Supreme Council, which was elected according to a worthless election law. A parliament that does not have a politically formed majority that is ready to bear responsibility for the decisions it makes, a parliament that is in the process of continuous political restructuring cannot be effective. It should adopt a fundamental decision with respect to reform of state rule and the economy. And that is all. After executing this mission, parliament can very quietly dissolve itself. Its rating is so low that only those who will lose any hope of power will object to its self-dissolution. The others, as a matter of fact, while concerned about the interests of the people, will quietly leave the meeting hall, inasmuch as they know perfectly well: It is not the kind of place that is necessary just for the satisfaction of their own material and mental needs.

Naval Chief in Dispute With Defense Minister

LD1503110195 Moscow ITAR-TASS in English 1041 GMT 15 Mar 95

[By ITAR-TASS correspondent Viktor Demidenko]

[FBIS Transcribed Text] Kiev March 15 TASS—Vladimir Bezkorovainy, commander of the Ukrainian Navy, has tendered his resignation, which, although has not yet been accepted by Defence Minister Valeriy Shmarov, the press centre of the ministry told ITAR-TASS on Wednesday [15 March].

According to some local experts and politicians, Bezkorovainy's resignation was triggered by his dispute with the minister over a visit to the Middle East by the Ukrainian ship "Getman Sagaydachny". The minister demanded that the crew of the ship should be reduced by half because of insufficient financing of the visit by a private company. The navy commander refused.

Another version suggests that Beskorovainy's departure has been caused by the fact that he and the defence minister display different approaches towards the problem of the fleet's deployment.

Tarasyuk Deplores Resignation

LD1403194895 Moscow INTERFAX in English 1821 GMT 14 Mar 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, Mar 14 (INTERFAX - UKRAINE)—Ukrainian First Deputy Foreign Minister Boris Tarasyuk has deplored the resignation offered by Navy commander-in-chief Vice-Admiral Vladimir Bezkorovainy.

Tarasyuk told INTERFAX-UKRAINE on Tuesday [14 March] that the news had come as a surprise to him and that, as far as he knew, Moscow did not demand Bezkorovainy's dismissal as a condition for the resolution of its dispute with Kiev over the Black Sea Fleet.

Bezkorovainy, appointed commander-in-chief in 1993, is a member of the Ukrainian delegation negotiating the Fleet's future with Russia.

Former commander-in-chief of the Navy Rear-Admiral Boris Kozhin, said Bezkorovainy believed Ukraine should take over the whole of the Black Sea Fleet and that this did not suit some members of the Ukrainian high command.

He said the post of commander-in-chief might go over to Bezkorovainy's deputy Rear-Admiral Nikolay Kostrov.

Agreement Combating Illegal Immigration Signed

LD1403215795 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 14 Mar 95

[FBIS Translated Text] An agreement on cooperation in dealing with the spread of illegal migration was signed on Tuesday in Kiev. The document was the outcome of negotiations between Ukraine's State Committee on Protection of State Borders; Ministry of Nationalities, Migration, and Cults; and the International Center for Migration Policy Development based in Vienna. The agreement envisages that the center will assist Ukraine in obtaining financial support from European countries. Ukraine currently carries most of the burden in combating illegal migration.

Some 80 percent of illegal entry attempts intercepted here in the past two months were made by illegal

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immigrants on the way to the West, the press service of Ukrainian Border Troops told Novyny television and radio agency.

President Kuchma Discusses Chernobyl Problems

LD1403142795 Moscow ITAR-TASS in English 1351 GMT 14 Mar 95

[FBIS Transcribed Text] Kiev March 14 TASS—Problems connected with the future of the Chernobyl nuclear power plant were discussed today at a meeting of Ukrainian President Leonid Kuchma with senior executives of the Chernobyl power plant. Responding to questions of Chernobyl executives on whether or not they can work without being afraid that their power plant may be closed down, Kuchma said that they had no need to worry. "I think within a couple of days I shall sign a decree on the creation of an international centre there, which will study the grim experience of the Chernobyl tragedy. It should be analysed thoroughly, and all measures should be taken for preventing the recurrence of such tragedies in the future," he said.

Sergey Parashin, director-general of the Chernobyl nuclear power plant production association, said that some 300 million dollars had been spent on safety measures during the past nine years. At present four turbogenerators are in operation at the power plant, whose load is 1,800 megawatts per hour.

"We are not raising the problem of closing down the Chernobyl nuclear power plant. It is being raised in the West, and it looks like political blackmail. The energy and economic situation in Ukraine is such that if we stop two working power units of the Chernobyl nuclear power plant, the uninterrupted electricity supply to the country in general, and especially to Kiev and the Kiev region, will be called into question," stressed Mikhail Umanets, chairman of the Ukrainian State Committee for Atomic Energy.

Environmental Organization Registers High Radiation Levels

LD1403133695 Moscow INTERFAX in English 1234 GMT 14 Mar 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, Mar 14 (Interfax-Ukraine)—Members of the Zelyony Svit environmental protection organization registered radiation levels above the permitted norm in the territory of Khmelnitskiy nuclear power station.

Interfax-Ukraine was told by a local branch of the organization that the contamination was registered in the cooling pond of the station and the radiation can spread to the environment. Plant said the contamination could have been caused by the high level of filtration of the dam.

Members of several regional and city councils together with Zelyony Svit activists protested to the Ukrainian Academy of Sciences and the Chernobyl Union and asked them to examine the dam and cooling pond as well as to predict the effect of each reactor of the facility on the environment.

'All-Crimean Congress' Favors Democratization

LD1403160595

[FBIS Editorial Report] Kiev Radio Ukraine World Service in Ukrainian at 0800 GMT on 14 March reports that a new organization, the All-Crimean Congress of Ukrainians [Vsekrymskyy Konhres Ukrayintsiv] has been set up at the second congress of Crimea's Ukrainians. The new organization is an association of civic and political organizations and Ukrainian citizens who favor democratizing society, preserving international accord, and ensuring the protection of the rights and interests of all of Crimea's ethnic groups, according to the organization's statute. Yuriy Kolesnykov was elected head of the organization, the radio adds.

Supreme Council: Crimean Laws Create Division

LD1403221195 Kiev UNIAN in Ukrainian 1830 GMT 14 Mar 95

[FBIS Translated Text] Kiev—In a debate at its latest meeting on the political and legal situation in the Crimean autonomous republic, the Supreme Council of Ukraine legal policy and legal and judicial reform committee stated that the parliament of Crimea has failed to uphold a number of resolutions on bringing the legislation of Crimea into line with that of Ukraine, the latter resolutions passed by the parliament of Ukraine. Instead, Crimean parliamentarians adopted several laws and acts that contributed further to the division of Ukraine and Crimea in legal terms. This, in particular, applies to the laws "On the Constitutional Court" and "On Elections of Deputies Chairmen to Village, Rayon and Town Councils."

Members of the committee concluded that this situation was due to the lack of a clear legal definition of the status of Crimea in the current legislation of Ukraine.

Deputy Wants Abolition of Crimean Autonomy, Presidency

LD1403221495 Kiev UNIAN in Ukrainian 1830 GMT 14 Mar 95

[FBIS Translated Text] Kiev—"The criminalization of Crimean authorities is in full swing, which translates, in particular, into illicit privatization practices in the tourist and recreational infrastructure," Ivan Bilas, deputy chairman of the Supreme Council of Ukraine committee against organized crime and corruption, said in an interview with UNIAN on 14 March. He recently returned from Crimea in a group of Ukrainian parliamentarians.

Sevastopol City Council, for example, has transferred to commercial structures the ownership of a recreational facility for 155 million karbovantsi and 500 meters of a beach for $30.

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Ukraine's Internal Affairs Ministry and Security Service have drawn up a number of laws to reduce criminality in the peninsula "with access to be gained to crime bosses highly placed in Crimean authorities," Ivan Bilas said. The effectiveness of these actions will hinge on the passage by the parliament of Ukraine of "respective legislative acts," which particularly concern reverting the status of autonomous Crimea to that of an oblast, abolishing the institution of presidency in Crimea, and so forth, he added.

Crimean President on Speaker Tsekov's Reelection

WS1503091395 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 11 Mar 95 p 2

[Interview with Crimean President Yuriy Meshkov by Volodymyr Kolychev in Simferopol; date not given: "Yuriy Meshkov Greeted Tsekov"]

[FBIS Translated Text] As everybody knows, after two months of tiresome "settling of accounts" in the Crimean parliament, Serhiy Tsekov became the chairman of the Crimean Supreme Council. At Mr. Tsekov's request, Oleksandr Frolov, leader of the "Russia-Unity" faction, and Volodymyr Klychnykov, leader of the "Republic" faction, became his deputies. Crimean President Yuriy Meshkov, who agreed to respond to questions from journalists of a number of Ukrainian publications for the first time, arrived to congratulate Mr. Tsekov on his appointment.

[Kolychev] **Mr. Meshkov, could you please comment on the results of the latest vote?**

[Meshkov] In my opinion, the situation has been stabilized. Of course, internal conflicts will continue to occur within the Supreme Council. At least, it is a positive factor that this particular conflict has been resolved.

[Kolychev] **Are you establishing contacts with Tsekov?**

[Meshkov] I believe that normal working relations are being established between the Supreme Council and the presidential structures.

[Kolychev] **Do you think that the election of Serhiy Tsekov to the office of parliament chairman is a positive or negative factor in the work of the Crimean Supreme Council?**

[Meshkov] It is rather a positive factor.

[Kolychev] **Will the election of Messrs. Frolov and Klychnykov, who were once members of the "Russia" faction, bring about the bloc's revival?**

[Meshkov] Most likely, it will.

[Kolychev] **Will the parliament's next step be to return the Crimean president his powers?**

[Meshkov] I would like to slightly modify this question. Will the Crimean Supreme Council take steps to normalize the situation in Crimea, to achieve the programmatic goals with which we all came to power in our Republic?

[Kolychev] **Do you expect this to happen?**

[Meshkov] This has never been a secondary issue. Either we improve the situation together, or we will be swept by a wave of unrest.

[Kolychev] **Should Crimea, in your opinion, be under the jurisdiction of Russia?**

[Meshkov] Our primary problem is the economy. We will only be able to resolve it if we suppress crime and carry out reforms proposed by Ukrainian President Leonid Kuchma.

[Kolychev] **What is your attitude toward the "wave" of explosions that have recently swept Simferopol?**

[Meshkov] This coincided with the arrival of a group of staffers from Ukraine's Main Administration of Internal Affairs. In fact, this confirms that the weakening of Crimea's state structures brought about the activation of criminals. Bandits immediately feel when the vector of power changes direction.

[Kolychev] **Mr. Tsekov said that criminal structures are eager to assume power in Crimea. Will his election to the office of parliament speaker become a deterring factor?**

[Meshkov] I would like you to recall [Ukraine's acting prime minister] Mr. Marchuk's speech. He very precisely and illustratively described the leadership.

[Kolychev] **The Crimean leadership?**

[Meshkov] I presume that his words, unfortunately, relate to Crimean structures.

[Kolychev] **Is the unification of the former election bloc "Russia" a return of pro-Russian forces?**

[Meshkov] It is rather an opportunity to reestablish normal and business-like cooperation between Crimea's executive and legislative branches.

Economic Issues

Economics Minister Interview on Russian Relations

WS1403143495 Kiev INTELNEWS in English 1918 GMT 13 Mar 95

[Interview with Economics Minister Roman Shpek by Economic Review correspondent Fedir Storozhenko; place and date not given]

[FBIS Transcribed Text] Roman Shpek was appointed Economics Minister in the fall of 1993. Since that time he has proven to be one of the leading reformers in the Ukrainian Government. It was Shpek who made a

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dramatic speech on behalf of Ukraine at the International Monetary Fund [IMF] session in October 1994, shortly before the IMF allocated US$371 million systemic tranformation facility loan to Ukraine aimed at promoting economic reform in the country.

[Storozhenko] Can you describe today's major issues in Ukrainian- Russian economic relations?

[Shpek] The major problem with Ukrainian-Russian relations is that they are not sufficiently developed. This is because both countries are building their own economies. Problems of strengthening national currency units have to be resolved. Ukraine especially must develop its own monetary and financial systems.

However, there is no doubt that the roles the two countries play with respect to each other are of great importance. Shrinking production output in Russia lowers the demand for Ukrainian goods that have been traditionally present on the Russian market. Production decline in Ukraine weakens the country's export potential and hampers the development of mutually beneficial relations with Russia.

[Storozhenko] Is Ukraine taking steps to remove legal obstacles to increased trade with Russia?

[Shpek] Last summer, when visiting Moscow, I met with Russian Deputy Prime Minister Aleksandr Shokhin and then-acting Finance Minister Serhiy Dubinin. In January of this year, I met with Russian Economics Minister Yasin. We talked about establishing legal mechanisms to support new ties among business entities, so that the Ukrainian side does not repeat the mistakes that were made when the partners (in Ukrainian-Russian trade) were the Ukrainian Government on one side and Russian enterprises on the other. That resulted in Ukraine's huge debt to Russian business entities.

A good example of increased economic cooperation is the establishment of "International Air Engines (a financial-industrial conglomerate uniting 50 Russian and Ukrainian defense enterprises to jointly produce aircraft engines).

[Storozhenko] What fields would be most appropriate for cooperation with Russia?

[Shpek] We must cooperate in such fields as machine building, petrochemicals, energy, natural resource exploration. Nearly 70 percent of Ukraine's foreign trade and import-export operations are with Russia.

[Storozhenko] So what are the prospects for improved trade relations?

[Shpek] After the breakup of the Soviet Union, Russia and all other former USSR republics cared only about making quick gains, which did not do much good for their enterprises and, consequently, to their economies.

Now the situation is drastically changing. Now there are examples of multinational corporations being established. And when our producers incorporate with foreign enterprises (including Russian ones), I think production costs will drop. A strategy of mastering new markets will require the reduction of production costs.

It is clear that we are ready to cooperate with the countries of the former Council for Economic Cooperation or with the developed economies, but this does not mean that at this stage we will reduce our relations with Russia. At least for the time being, Ukraine's major source of energy is Russia. And when we speak of possible sources of financial aid for Ukraine, we must consider the possibility of receiving credits from the West or East, but in the meantime Russia is Ukraine's largest creditor...

[Storozhenko] What role will Russian investment play in Ukraine's economic development?

[Shpek] Ukraine is on the path of financial stabilization, and the credits we receive from the International Monetary Fund and World Bank will be used to correct the negative balance of payments, so that we will be able to timely finance our foreign debt. This proves convincingly that for the purposes of economic restructuring... Ukraine will create all conditions necessary to attract foreign investments. And it is not so important, exactly where this money will come from—Poland, Turkey or Finland—the point is that this money must work. Until recently, Ukraine has not been enjoying the reputation of a country with a favorable investment climate. First of all, this was caused by the fixed exchange rate of the Ukrainian karbovanets and by the limited access to the National Bank's tender committee (before the Ukrainian Inter-Bank Currency Exchange started operating).

[Storozhenko] How many enterprises with Russian capital are in Ukraine?

[Shpek] There are 212 such enterprises operating in Ukraine, of which 177 are joint ventures. Russian capital works in Ukraine in the form of reserve funds of joint ventures or as investments (more than RBL [rubles] 1.4 billion.) Major sectors are: food and food processing, transport, heavy industry, finance and credits, and foreign trade.

[Storozhenko] How is Ukraine applying its considerable technological capital on the Russian market?

[Shpek] Russia is Ukraine's oil supplier. This is not the only source, we must diversify our purveyors, but we are going to pursue establishing financial-industrial groups with Russia (in oil exploration). We will also cooperate in the field of high-technology, particularly in communication systems and space exploration.

Ukraine is seeking participation in international space exploration programs, and we will be able to cooperate with Russia.

[Storozhenko] What is being done to prevent Russia's mafia- controlled capital from being laundered in Ukraine?

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[Shpek] The Finance Ministry and the National Bank of Ukraine will be examining the registration of investment documents, and also there are inter-governmental agreements between Ukraine and Russia on fighting organized crime and information exchange between the law-enforcement organs of our countries. We do not want Ukraine to acquire the reputation of a country that gives refuge to criminal capital, and this is why the government will do everything possible to stop this capital on its way to Ukraine.

Chernobyl Must Stay Open Due to Energy Crisis

LD1403174095 Kiev UNIAN in Ukrainian 1300 GMT 14 Mar 95

[FBIS Translated Text] Kiev Oblast—Two missions of the International Atomic Energy Agency [IAEA] who visited the Chernobyl nuclear power station last year confirmed the impossibility of another 1986-type accident there, said Serhiy Parashyn, director general of the Chernobyl AES production association, at a meeting with British and Ukrainian Greenpeace leaders on 13 March. He said independent experts also reported a high standard of personnel training at the station. This and the energy crisis in Ukraine mean Chernobyl AES must remain in operation until its capacity is exhausted and continue to produce $2.7 billion worth of electricity at current prices.

The Greenpeace representatives visited engine and modular control board rooms at the station's third generating set.

Speaking to UNIAN, British Greenpeace Director Sara Bertran said the 400,000-strong organization in Britain continued to insist on closing down all nuclear power plants. She said she was impressed, however, with the spirit of Chernobyl AES personnel, their optimism and desire to do their utmost to improve the safety of the station.

Attempt To Break Into Arms Market Viewed

WS1403134595 Kiev INTELNEWS in English 1918 GMT 13 Mar 95

[Report by Laura Ballman and Natalia Olynec with contributions from special correspondents Fedir Storozhenko and Olha Vaulina]

[FBIS Transcribed Text] In its first serious attempt to break into the global arms market since independence, Ukraine will exhibit high-tech military equipment at Idex-95, Abu Dhabi's military exhibition March 19-23. Ukrainian participation is a potential gold mine for the nation's defense contractors, who reportedly exported US$1 billion in military products last year, a massive decrease since Soviet rule.

Defense and security experts say the expo will raise Ukraine's pride and serve its geopolitical agenda—sometimes to the chagrin of Western nations. "The aim of sending Ukrainian arms to the exhibition is to enter into the world (armaments) market and bring revenue back to Ukraine," says Ihor Popov-Cherkassov, an MIC-DC [expansion unknown] official.

Military specialists and arms dealers from around the world will view the latest in naval and conventional warfare equipment. Over 800 companies from 40 countries will participate in the exhibition, with Ukraine setting up 22 pavilions and 200 exhibits from more than 50 defense production companies.

The most important Ukrainian exhibit at Idex-95 is expected to be the new T-84 diesel-powered tank, analogous to the Russian-made T-80, but more mobile and designed for desert warfare. Although less sophisticated than many other tanks, the T-84 also has fewer moving parts, attracting buyers who might not be able to maintain the most technologically advanced, expensive tanks.

According to Viktor Korenkov, deputy director of the UkrinMash arms exporting umbrella association, the T-84 features a 1,200 horsepower engine and has proven itself in temperatures ranging from -25 to +50 C.

Updated versions of technology produced back in the days of the USSR, such as the T-72 tank, which is now equipped with a new diesel engine produced at the Kharkov-based Malyshev factory will also be featured. Ukrainian Defense Department officials say Ukraine's eletronics industry, renowned for producing intercontinental ballistic missiles and providing 30 percent of the former USSR's space program with missile carriers, will have a substantial presence in Abu-Dhabi as well.

Shake Your Money Maker

The military industry is one of the most profitable in Ukraine's national economy, according to Volodymyr Mukhin, head of the Parliamentary Defense Committee. Each U.S. dollar invested in arms production gives a US$20 profit, he says.

While Ukraine in 1992 established the MIC-DC Ministry to retool several hundred former Soviet defense plants and Ukraine is complying with international non-nuclear proliferation and reduction agreements, the nation still maintains world-class arms technology and production facilities. During the Cold War, Ukraine's MIC produced 28 percent of the USSR's total industrial output.

"Today we posses enormous scientific, technical and staff potential and are able to produce competitive products for both domestic and foreign customers. And the armaments market has always existed and will exist for many more years, and it would be unwise not to take advantage of this fact," said MIC-DC Minister Viktor Petrov.

Roadblocks to Markets

Ukrainian leaders complain that their former share of the market has been taken over by major producers such as France and the United States. "We are trying to join

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the international economic community, but despite the high quality of our production, the international (arms) monopoly controlled by the United States does not allow us to occupy these markets," says Mukhin.

The arms market is "controlled by a small group of states that are known as traditional arms sellers," said Defense Minister Valeriy Shmarov soon after his appointment.

Ukrainian officials are downplaying Western fears that Ukraine's need for hard currency will prompt it to sell to nations dubbed "pariah states," fueling regional conflicts and terrorism.

Kiev-based political analysts say they doubt Ukraine would risk the international political alienation—especially from major donor nations. "These reports are only rumors," he said.

A former U.S. Defense Department analyst admits to a possible "double standard" on the world arms bazaar, saying that Western countries, including the United States, will themselves be represented by companies selling arms in Abu-Dhabi.

"It is somewhat hypocritical to say that Ukraine can't exhibit good judgment (on who it sells to) when Western countries can," he said. Ukraine's policy regarding sales to such countries as Iran and North Korea "is consistent, at least on a declaratory basis, with the West's. I don't think Ukraine would jeopardize aid and possibilities for trade to make just one deal," he said.

The Bosnian Serb military command accused Ukraine this fall of supplying arms to Bosnian Muslims in violation of the United Nations embargo, but Ukrainians denied the charge. "Ukraine did not sell weapons to Yugoslavia (sic), but we cannot control the actions of arms 'middle-men'," says Mukhin. Ukraine has not violated any international agreements, he says.

Ukraine's Major Employer

Military production employs about a third of the Ukrainian population. The MIC includes the aircraft, tank, shipbuilding, radar, electronic equipment and missile-building industries. Ukraine's largest conventional arms manufacturers include Dnepropetrovsk's missile producer PivdenMash, the Antonov aircraft design bureau in Kiev, the Malyshev tank-building and Khartron radar plants in Kharkov, the Motor-Sich air motor plant in Zaporizhia, and the Black Sea shipbuilding plant in Mykolayiv.

Last year Ukraine exported 70 percent of its arms to the Commonwealth of Independent States; of this total, 62 percent went to Russia. The remaining 30 percent was divided among Asia (including the Middle East), Europe and the United States, which imported 10 percent of Ukrainian arms each. Ukraine, on its part, bought 60 percent of its arms imports, worth US$100 million, from Russia.

By the end of this year, Ukraine plans to reduce its military production 25 percent. Meanwhile, arms manufacturers are turning to conversion to compete on foreign markets. Military conversion must be examined in light of Ukraine's economic reality, National Strategic Research Institute experts say. "Foreign trade is critical to surviving present economic conditions," says Petrov. Facing reductions in conventional arms production, Kharkov's Malyshev tank factory recently launched the production of small engines for agricultural machinery and components for buses manufactured by the Lvov LAZ factory.

But unstructured legal guidelines and a retarded national armaments plan complicated Ukrainian MIC production and conversion last year, according to the Ukrainian Marketing and Foreign Economic Information Research and Development Institute. In addition, the government reduced state financing of MIC enterprises by 50 percent each year in the last three years due to budget restraints. Thus, Ukraine has produced only 50 percent of the planned consumer goods at converted military plants. Trolleybuses produced at Dnepropetrovsk's Pivdenmash missile plant cannot be sold because they are too expensive for local budgets. Frustrated scientists say trolleybuses cannot fill the scientific potential of the plant that once produced Cyclon and Zenit rockets.

On the other hand, a United States-Ukrainian joint venture opened in January the world's first commercial facility for arms conversion, which should give a boost to defense conversion. Alliant Techsystems, the American partner, invested US$8 million to equip a conversion plant in Ichnia, Chernihiv Oblast. The entire investment, underwritten by the U.S. Overseas Private Investment Corporation, will equal about US$22 million and create 1,000 jobs. Over the next five years, Alliant Kiev plans to destroy 220,000 tons of munitions at six bases across Ukraine, reclaiming the metals and fuel for profit. Initial estimates indicate Ukraine has about 800,000 tons of surplus conventional munitions.

Defense Competition, Cooperation With Russia

As in other industries, former Soviet defense production was split among several regions, so lone states could not effectively produce products without parts from other regions. Russia and Ukraine co-produced many Soviet military products and now are unclear who owns the technology for many systems. During the Soviet era 80 percent of components were produced outside Ukraine, although much of the research and final products came from Ukrainian plants.

After the Soviet Union collapsed Ukraine kept about one-third of the USSR's military-industrial potential,

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including the key tank development plant in Kharkov. Military experts say today there is competition between Russia and Ukraine; Kiev claiming Moscow too often takes credit for Ukrainian work and Moscow claiming that Ukraine inherited an unfair amount of air-defense equipment. Nonetheless, the two former Soviet states are again working together to produce finished products.

Earlier this month Russia and Ukraine signed an agreement to cooperate in ship and machine-building, air motor and gas turbines production, and AN-70 military transportation aircraft production. And if Ukraine's introduction to the international market in Abu-Dhabi succeeds, Kiev may step-up aerospace exporting, in conjunction with Russian assistance.

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Belarus

Zhirinovskiy Minsk Visit Passes Without Incident

LD1403215295 Minsk Radiostantsiya Belarus International Service in Belarusian 1900 GMT 14 Mar 95

[FBIS Translated Text] Vladimir Zhirinovskiy, the leader of the Liberal Democratic Party of Russia [LDPR] and the relevant faction at the Russian State Duma, completes the list of visits from Russia's important politicians to Belarus. He has taken part in the work of the Congress of Belarusian Liberals. On the eve of his visit, Mr. Zhirinovskiy sent two telegrams to Belarus: The first contained a request to provide wide coverage of his visit in the mass media, and the second—a request to ensure his security. Zhirinovskiy and his entourage arrived in Minsk on a special plane. His flight cost him $9,000. According to observers, unlike his visit in 1991, the stay of the LDPR leader in Minsk this time passed without incidents. The militia guarded the information and education [words indistinct] of affairs of the president of Belarus where the congress was held. In his speech, Vladimir Zhirinovskiy blessed his Belarusian counterparts for the election struggle and [words indistinct]. After the congress Mr. Zhirinovskiy held a news conference.

Hasty Ratification of Customs Agreement Opposed

LD1403165195 Moscow INTERFAX in English 1452 GMT 14 Mar 95

[FBIS Transcribed Text] MINSK, Mar 14 (Interfax-West)—The leader of the Social Democratic Party faction in Belarus' parliament Oleg Trusov spoke against a hasty ratification of the agreement on forming a customs union with Russia and leasing military facilities on Belarussian soil to Russia's armed forces.

"I hope that the Belarusian Supreme Council will have enough common sense to refrain from ratifying these documents at its plenary session scheduled for March 20," he told Interfax.

According to Trusov, the documents must be subjected to close scrutiny. "It will be better if they are discussed by the new legislature to be elected on May 14," he said.

He qualified as "political bluff" the Russian Deputy Premier Aleksey Bolshakov's statement to the effect that if Belarus fails to honor its commitments under the agreement on forming a customs union, customs duties will be charged at the border between Belarus and Russia again. "Belarus is not a cart-track in terms of the customs as Lithuania or Latvia are. Belarus is a customs thoroughfare along which up to 60% of Russian cargoes pass from Russia to the West and in the opposite direction," he said.

Hryb Views Constitution in Article

LD1403192695 Moscow INTERFAX in English 1742 GMT 14 Mar 95

[From the "Presidential Bulletin" feature: by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Belarus will celebrate the Constitution Day Wednesday March 15. On that day a year ago three years of parliament's debate culminated in approval of a document declaring Belarus a unitary, democratic, social and law-abiding republic.

Supreme Soviet Chairman Mechyslaw Hryb said in an article, sent to the country's media Tuesday [14 March], that the Constitution had for the first time made Belarus a sovereign state based on a national idea.

The article headlined Constitution, Basis for Setting Up Sovereign Law-Abiding State, says that the Fundamental Law was a major step towards building a state where protection of human rights and freedoms would be the top priority of all state bodies.

Hryb notes, however, numerous weak points of the document. He believes that no effective mechanism has been set up for the citizens to appeal against illegal actions undertaken by officials and state bodies.

Hryb places emphasis on the Constitution article which provides for free development of all ethnic minorities. He adds that Education, Culture, Ethnic Minorities, and Languages Acts deal with education in national languages but the new passports to be introduced in Belarus shortly do not have the Nationality entry. Therefore he does not believe that free development of national cultures will materialize. Hryb recalls that numerous conflicts occurred over development of the national culture, in particular as far as the choice of the education language is concerned.

He argued that parliament had to provide a political evaluation and a legal interpretation of Belarus's status as a nuclear-free zone and a neutral country.

Moldova

Lucinskiy Calls For Removal of Russian Arms

LD1403143995 Moscow ITAR-TASS in English 1412 GMT 14 Mar 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Transcribed Text] Kishinev March 2 TASS—Moldova's Parliament Chairman Petr Lucinskiy has called for the removal of the arms and equipment of Russia's 14th Army from the Dniester region ahead of the troops pullout.

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In an interview published by the 14th Army newspaper "Soldier Of Motherland" Petr Lucinskiy said "the Dniester region problem will be solved before the army pulled out".

He stressed that "Kishinev will never seek to strain relations with Russia."

However, Petr Lucinskiy said no breakthrough had been achieved in the course of negotiations on the status of the Dniester region between Kishinev and Tiraspol.

According to him, "the Tiraspol leaders' strong views on the region as an independent state" hampered finalising a document about the region's special status in conformity with Moldova's constitution.

Lucinskiy declared that even if the two sides failed to find a common language by the time of the next top-level meeting between the leaders of Moldova and the Dniester region scheduled for March 15, Kishenev would publish its own plan for the settlement for people to see whether or not it was acceptable.

Moldova's variant sees the Dniester region as an autonomous territory with its own executive and legislative bodies, and extensive powers vested in the local government to decide on educational, health care, cultural, and social issues, as well as on the territory's budget and financing of local projects.

According to the Kishinev variant, the Dniester region may use any number of state languages and elaborate its own emblems for use along with those mandated by Kishinev.

In Lucinskiy's opinion, defence issues are the most difficult to tackle. "Taking into consideration our geographical location, I personally support the idea of demilitarising the territory or allowing it to maintain token armed forces," Lucinskiy said.

Parliament Speaker Threatens Tiraspol Leadership

LD1403130195 Moscow INTERFAX in English 1223 GMT 14 Mar 95

[FBIS Transcribed Text] KISHINYOV, Mar 14 (Interfax)—Unless a common language with the Tiraspol leadership on the status of Transdniestria is found soon, the Moldovan leadership will publish its version of the draft agreement. This statement by Moldovan Parliament Speaker Petr Luchinskiy was printed Tuesday [14 March] in an interview with the newspaper "The Soldier of the Fatherland".

"This will be done so that people can acquaint with it and understand whether it is acceptable or not," he said.

The draft agreement proposed by Kishinyov, envisages the status of Transdniestria being that of a territorial autonomous structure with its own executive and legislative bodies of power, broad powers for the bodies of self- government in the sphere of education, health protection, culture, social policies, as well as the creation of its own budget for financing domestic programs.

At the same time, said Luchinskiy, it is necessary to preserve the single state budget for financing national programs.

As to the language problems, said the speaker of the Moldovan parliament, any number of state languages, as well as its own symbols, equal with the state symbols of Moldova, are proposed for Transdniestria.

The problems of defense are the most difficult, said Luchinskiy, and added that considering the specific geographic position of the republic, he personally favors the republic's demilitarization. In the event of demilitarization, Moldova needs international guarantees, which may be given by the United States, Russia, Ukraine, Romania and the United Nations, said Luchinsky.

He believes that border troops and the customs services of Kishinyov and Tiraspol should be single, just like the country's communication lines and railways. The Moldovan foreign policy should be also single. However, it is likely that Transdniestria would be represented in international delegations and in Moldova's missions abroad.

Speaking about the future of the 14th Russian Army, Luchinskiy said that it is necessary to implement the provisions of the second stage of the agreement with Moscow on the beginning of withdrawal of technology and armaments, and "later, the time will come to fulfil the third final stage - the pull-out of the personnel and providing housing for them."

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Kazakhstan

Nazarbayev: Internal, Foreign Policies 'Unchanged'

LD1403191695 Moscow INTERFAX in English 1712 GMT 14 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 14 (Interfax)—Kazakh President Nursultan Nazarbayev categorically denied that the current events in Kazakhstan have much in common with events in Russia in October 1993.

He told Interfax's special correspondent Vyacheslav Terekhov that the two events bore little resemblance. There is no conflict of two branches of power in Kazakhstan, he explained. What happened in Kazakhstan was inconsistency of numerous decisions of the Central Election Commission with the Constitution.

Nazarbayev explained that he faced a choice between political expediency and a constitutional need to disband parliament.

He made it clear that despite the disbandment of parliament the country will stay on the reform course and its internal and foreign policies would remain unchanged. Nazarbayev intended to issue a decree shortly enacting all the legislative decisions passed by the former parliament.

He said that until a new parliament is elected, the country would be governed by presidential decrees.

Nazarbayev: All International Agreements Observed

LD1403210895 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 14 Mar 95

[From the "Vremya" newscast]

[FBIS Translated Text] Kazakhstan President Nursultan Nazarbayev continues to form the republic's new Cabinet of Ministers. Today deputy prime ministers were appointed. Meanwhile, a large group of deputies of the Kazakhstan Parliament do not want to give up their powers. They have appealed to the United Nations, asking it to send independent experts to Kazakhstan to study the situation while two parliament deputies have even gone on hunger strike in protest against the parliament being declared nonlegitimate.

In an interview with the "Vremya" program, Nazarbayev speaks about the Kazakhstan Parliament and the legal aspects of the political crisis.

[Begin Nazarbayev recording] We have a Constitution and laws that establish Kazakhstan as a democratic and secular state, a state that is striving to abide by the law. Therefore, people's legitimate constitutional rights will be observed, democracy and a market economy will be advanced. I will enforce all our international agreements, including the latest agreements with Russia, since after the parliament has been dissolved the president of the republic has taken over the right to issue edicts with the status of laws and to amend laws, including constitutional laws. Since the entire Supreme Council has been deemed unconstitutional, all its decisions are unconstitutional also, and therefore I will have to reapprove them all. Since the prime minister was appointed by this Supreme Council and the whole government was approved following his proposal it has become nonlegitimate and therefore the government has resigned. In order to avoid a vacuum in the executive authority I have appointed a prime minister and instructed him to submit for approval a list of government members within a week. [end recording]

Kazakhstan Political Crisis Viewed

MM1503095895 Moscow ROSSIYSKAYA GAZETA in Russian 15 Mar 95 First Edition p 6

[Report by Yuriy Kirinitsiyanov: "Rome Has Not Fallen and Law Is Intact"]

[FBIS Translated Text] Almaty—The parliamentary crisis erupted in Kazakhstan when it was least expected. There was not a cloud on the political horizon. And suddenly parliament was dissolved and the government it had formed resigned. Kazakhstan President Nursultan Nazarbayev has deferred his tour of Southeast Asian countries and Premier Anezhan Qazhygeldin is no longer expected in Islamabad where he was to have taken part in a meeting of Islamic Conference Organization countries.

What has happened? A legal time bomb has exploded. As you know, Nazarbayev has dissolved parliament and asked the cabinet members to perform their duties until a new cabinet is formed.

Does this attest to the weakness of Kazakhstan's first president? However paradoxical it may sound it speaks in favor of his confidence and ability to control the situation. It must be supposed that the president experienced a few unpleasant moments when he heard the judges' decision. But he was able to curb his pride, taking one more important step in the evolution of his own personality—from an omnipotent Central Committee secretary to the president of a sovereign state subordinated to the Fundamental Law.

From the story which occurred in Almaty on the "mad weekend" (as local journalists have christened it) one can draw at least three conclusions. Kazakhstan is becoming integrated not only into the world economy but also into the international legal space. When, last year, CSCE observers taking part in monitoring the elections to the Kazakhstan parliament reported gross violations during the election campaign, many people tried to shrug off the criticism, including the president (at that moment he was more of a party official than a president). The new parliamentarians held a press conference and stated for the edification of the entire world community: Well, what do you expect of those observers, they are foreigners, after all. They did not understand our specific Kazakh features.... But life has shown that there is not

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and cannot be a "European," "American," or "Asian" democracy. Either there is democracy or there is not.

And of course in March last year, immediately after the parliamentary elections, the president, having announced his idea for a Eurasian union began to understand that a Eurasian union is not only economic integration but also and above all the observance of human rights. Of course, it could have been done more simply: A commission could have been created immediately after last year's elections, the court and prosecutor's office could have been brought in, and those guilty of electoral "tricks" could have been named. Then there would not have been today's embarrassment. But "they wanted things to be as good as possible but the result was the same as ever." Obviously this famous rule does not only operate in Russia.

The second result of the present crisis will undoubtedly be the rectification of electoral strategy, both parliamentary and presidential. Nursultan Nazarbayev will hardly venture now to nominate for the parliamentary elections the so-called "state list," essentially appointing trusted people as the people's representatives. Incidentally, they also included entirely respectable people. But that is not the point. Throughout the world deputies are elected, not appointed. One also wants to believe that the president's team will approach with a greater share of responsibility the post of chairman of the Central Electoral Commission. It is essential to stop viewing it as an honorable form of exile for yesterday's politicians like the present chairman.

And finally it is not out of the question that now "Russian-speaking" politicians will start to play a far greater role in Kazakhstan. It is no secret that last year those who "fell by the way" included many people of "nonindigenous nationality." Of course, no instances of overt discrimination were uncovered. But as a result the two largest diasporas in Kazakhstan were far from proportionally represented in parliament.

Dissolution of Parliament Bodes Instability

MM1403160795 Moscow IZVESTIYA in Russian 14 Mar 95 p 4

[Article by Vladimir Ardayev: "How Citizen Kvyatkovskaya Laid Parliament Low"]

[FBIS Translated Text] Almaty—On the eve of 8 March the Kazakhstani Constitutional Court partly upheld an action brought by Citizen T. Kvyatkovskaya, deeming unconstitutional a number of Central Electoral Commission documents published at the time of the preparations for the election of the present parliament. The Constitutional Court took a year to consider this action. The legal consequences of the decision which it adopted followed less than a week later: The Supreme Council, illegally elected, was deemed illegitimate. Its entire activity for a whole year was deemed unconstitutional, including the decrees and laws adopted by it, the composition of the government approved by it, and much besides. All executive and legislative power in Kazakhstan is once again concentrated in the hands of President N. Nazarbayev, as it was a year ago. But now for an indefinite period.

Today it is known that at least 60 candidates who lost in the parliamentary elections a year ago turned to the courts for the purpose of disputing their results. Unsuccessfully, although some did manage to prove particular violations, which were regarded as individual ones which did not influence the voting results. Only Tatyana Kvyatkovskaya, a well-known Kazakhstani journalist who had long specialized in the sphere of legal and judicial topics, managed to travel the hard path of court litigation to the end and to victory. Not so long ago she changed tack and now serves on the State Committee for Price and Antimonopoly Policy and is in charge of work on protecting consumers' rights. This woman, who has managed legally for the first time to champion her own constitutional rights and also the rights of all citizens of her republic to "freely elect and be elected," is doubtlessly destined to go down in the history of Kazakhstan, although it is least clear what it might prove to be like and which path immediate Kazakhstani history will take. Particularly now.

The Constitutional Court's consideration of Kvyatkovskaya's action for a check on the constitutionality of the Central Electoral Commission's documents of more than a year ago concerning the mechanisms for forming electoral districts and counting votes resulted in the court's being obliged to recognize their obvious unconstitutionality. In accordance with them, some districts were several times larger than others, and votes were counted in such a way that, if several deputies' names had not been crossed out at once on the ballot paper, then each of those "not crossed out" received a vote, with the result that there proved to be more votes than voters who voted. Of course, the Constitutional Court's conclusions could not apply only to Almaty's Abylaykhanovskiy Electoral District, in respect of which Kvyatkovskaya was acting, since the Central Electoral Commission's instructional documents applied to the whole republic. In fact, parliament and the government approved by it in Kazakhstan lost their legitimacy 6 March, when the Constitutional Court adopted its decree, but they have continued to exist, to act, and to adopt decisions "out of inertia."

On the morning of 8 March President Nazarbayev sent to the Constitutional Court his objection to its decree. His example was also followed by A. Kekilbayev, head of parliament. Both objections suspended the decree until such time as the court adopted some decisions on it. On the evening of Friday 10 March the Constitutional Court adopted a decision overruling both objections. The measures provided for in law for holding back the court's decision had been exhausted, and the decree relating to Tatyana Kvyatkovskaya's action came into legal force.

Then events developed quickly: The next morning President Nazarbayev addressed parliament, urging deputies to show restraint and asking them to refrain from any

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actions, reporting that he had sent the Constitutional Court a request asking it to explain the legal consequences ensuing in connection with the decree adopted by it. But parliament had already "taken umbrage": The deputies made changes to the constitution giving them the right to suspend the Constitutional Court's activity and the decisions adopted by it, after which they at once took advantage of this right and "closed down" the Constitutional Court until June. But this rash and clearly unlawful measure was no longer a decision of a constitutional legislative organ.

That same evening Nursultan Nazarbayev, having urgently summoned journalists, made a statement for the press. He announced that he had signed the edict "On Measures Stemming From the Constitutional Court's Decree on Citizen Kvyatkovskaya's Action." In accordance with the explanations received from the court, he deemed the Supreme Council in its present composition to be unconstitutional and all the decisions adopted by it throughout the period of its activity to be devoid of any legal force. He formed a commission to find employment for former deputies, which was headed by Vice President Ye. Asanbayev. He announced that, since there is no parliament in Kazakhstan, legislative power passes to the president in accordance with the constitutional powers delegated to him by the former composition of parliament.

Nazarbayev also reported that the government approved by the illegitimate parliament had resigned en masse and that he had accepted its resignation. He at once approved the prime minister—A. Qazhygeldin—and also the vice premiers, the minister of foreign affairs, and the power ministers: the ministers of defense and internal affairs and the National Security Committee chairman. It hardly makes sense to list them all by name, because nothing has changed in this composition of the government. The president has entrusted Akezhan Qazhygeldin with forming the rest of the cabinet within six days.

Answering your correspondent's question about the time frame for electing the new parliament, Nazarbayev reported that he found it difficult to give it at present. He gave an assurance that everything that has happened certainly does not mean the onset of a dictatorship in Kazakhstan, since the president intends in his activities to abide strictly by constitutional norms and not to exceed the powers delegated to him.

The locked doors of the hall awaited the ex-deputies who turned up at the parliament building Sunday morning to continue the extraordinary session which had opened the previous day. Approximately 60 parliamentarians gathered in the office of Vice President Yerik Asanbayev, where former Speaker Abish Kekilbayev delivered a moving farewell speech. It is also known that about 50 deputies were in the vice president's office until the evening, and the discussion with them took place behind closed doors.

It is not yet known how the overthrown deputies will conduct themselves now, whether they will try to use their voters to champion their own interests and to bring them out into the squares, but it is a fact that a real threat to stability in Kazakhstan now exists in connection with the dissolution of parliament. But the ineffectiveness of this new political upheaval could threaten far worse consequences.

'Crisis' Grows; Possible OMON Appearance Feared

LD1403221895 Moscow NTV in Russian 1900 GMT 14 Mar 95

[FBIS Translated Text] [Announcer Mikhail Osokin] In spite of the government statement that there is no political crisis in Kazakhstan, this crisis is building. A large group of deputies of the dissolved parliament turned to the United Nations today complaining against President Nursultan Nazarbayev. They are requesting that international observers be sent to the republic. Here is a report from Almaty.

[Unidentified correspondent] A group of Kazakhstan Parliament deputies has decided not to lay down their powers but to continue working. They believe that the Constitutional Court ruling that they are illegitimate is unlawful. Of the 177 parliament deputies, 130 took part today in a meeting of parliamentary factions and groups, which passed this decision.

[Begin Zharasal Kuanyshalin recording, member of the "People's Parliament" steering committee] All the actions that have been undertaken to disband the parliament are totally unconstitutional. There is, still, not a single document saying that the parliament is illegitimate, that it has been dissolved and so on. That is why the parliament and its deputies are working, they have not laid down their powers, although this has been made difficult, their telephones are being cut off and so on. [end recording]

[Correspondent] Today, the deputies have not been allowed to hold their meeting in the sessions hall, which is now sealed. The deputies have been advised that as of tomorrow they will be banned from entering the parliament building itself. Some deputies fear that OMON [Special Purpose Militia Detachment] detachments would soon appear near the Supreme Council. They describe the current events as a coup d'etat. Incidentally, Nazarbayev himself continues to affirm that he has been acting within the framework of the Constitution and in line with the decision of the Constitutional Court. His representatives have also made it clear today that Nazarbayev wants to make substantial changes in the current elections code. According to them, such changes would prevent new breaches of constitutional norms. In this context the president is in no hurry to have a new parliament elected.

Deputies Protest Court Verdict on Supreme Soviet

LD1403130595 Moscow INTERFAX in English 1132 GMT 14 Mar 95

[FBIS Transcribed Text] ALMATY, Mar 14 (Interfax)—A big group of members of the Kazakh parliament has

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decided to continue working as they disagree with the verdict of the Constitutional Court declaring the Supreme Soviet illegitimate. The decision was made Tuesday [14 March] at a meeting of parliamentary groups and factions attended by 130 out of 177 deputies.

They appealed to the United Nations and several international organizations to send independent experts to Kazakhstan to study the situation.

According to an Interfax correspondent, the leadership of parliament dissolved by President Nursultan Nazarbayev on the basis of the Constitutional Court verdict refused to attend the meeting. According to sources in Almaty, the chairman of parliament Abish Kekilbayev is sick.

The deputies stressed that the court ruling does not exist because it has not been published or sent to any government institution. "If the ruling does exist, it is unlawful because it concerns only one electoral district," the deputies said.

Two deputies: Vladimir Chernyshov and Zhasaral Kuanyshalin, went on hunger strike in protest against the ruling.

The publication of the parliamentary newspaper SOVETY KAZAKHSTANA has been suspended till the end of the week over its debts to the print-shop.

On March 6 the Constitutional Court declared unconstitutional the procedure of vote-counting and forming electoral districts during the elections on March 7, 1994. This makes the parliament and all its decisions unlawful.

The ruling followed the examination of a complaint from Tatiana Kvyatkovskaya who ran to [as received] parliament last year but did not collect the necessary number of votes.

The court recognized the formation of unequal electoral districts to be a violation of the rights of candidates. Kvyatkovskaya claimed that there were 90,000 voters in her district and only 30,000 in the neighboring one which violated the principle of equal representation and participation in elections declared by the Election Code.

Party Chairman Interviewed on Political Aims

LD1403144495 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 10 Mar 95 p 1

[Unattributed article: "The Problem of Faith in the State Worries Everybody"]

[FBIS Translated Text] SNEK [The Union of the People's Unity of Kazakhstan] has become The Party of the People's Unity of Kazakhstan. The aim stated in the organization's program is "not simply to bring about changes in the republic's economic and political life, but also to restore trust between the people and their representatives in the various branches of power." How is the party going to achieve this and what aim does it set itself? We had a discussion on these matters with Kuanysh Sultanov, chairman of the Central Committee of the Party of People's Unity of Kazakhstan.

[Sultanov] I will take the liberty of making a small elaboration. The question was on the restoration of trust in the state as a whole, in state institutions, and not "between representatives in various branches of power".

The problem of faith in the state most likely worries everybody. The main thing is to establish a basic, suitable legislative basis and to construct the actions of all state structures in accordance with it, so that the people will no longer doubt state institutions but, on the contrary, trust them fully, including not having to worry about their deposits and savings. And as for trust between representatives of different ethnic groups, in my view this is the normal desire of all of us. It is necessary to perfect the legal mechanism and to observe it. Basically, the question is one of observing elementary human rights.

[Unidentified correspondent] It is a little strange to hear from the deputy chairman of the Supreme Council that it is necessary to create a basic, suitable legislative base. Why have you not done this until now? But let us turn to the next question. SNEK existed for two years. You did not sum up the results of the union's activity in the report. Perhaps in your interview you will briefly throw some light on the basic points?

[Sultanov] Much has yet to be done. My report set out the basic goals and tasks and, latently, what role our union played in society. Yes, maybe this was done in an untraditional way—without over emphasis, as our congress was not there to hear reports, and the speech was not that sort either. It bore the character of a political analysis of the current situation and a program for future activity. It was said at the congress that as a social union we were able to create organizational structures. We have serious local party activist groups, and there are many people who support our ideas. I said there are a total of 1,500 organizations which could now become primary party sections. Then we discussed the initiatives of our movement in supporting the idea of the Eurasian Union, on deepening integration ties with other states, etc.

[Correspondent] You favor economic integration between the states of the former USSR. What should this be based on, in your view?

[Sultanov] I think there is no need to recall the president's program on the Eurasian Union in detail. It is necessary to take into account the historical need for new interrelations between these states. This is, above all, mutual respect for sovereignty, independence, and the preservation of state interests. However, at the same time we should realize that every limitation and isolationism will lead only to regression. That is why we favor openness, wide possibilities for mutual enrichment, interaction in the sphere of the economy, culture, and other areas of human activity. They should be conducted on the basis of bilateral and multilateral treaties and agreements. Here it is possible to harmonize legislative

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systems between the states. The party proposes these questions, participates in forming social opinion, and gives public support to some ideas.

[Correspondent] Justice Minister N. Shaykenov made a speech at the congress noting that there is nothing on legal reform in your program. Will you take this notice into consideration?

[Sultanov] Absolutely, we will. Legal reform is one of the key questions of forming statehood.

[Correspondent] And what kind of political tasks are you aiming to solve as a party?

[Sultanov] There are a lot of them. I will name the following: the party's participation in state formation, in the provision of social stability and unity, in maintaining interethnic consent. We intend to have a direct influence on the population and the institutions of state power through the party's organizations and members. We propose serious cooperation both with political parties and state institutions.

[Correspondent] What do you have to say about Serik Abdurakhmanov's departure from the party?

[Sultanov] It is his business.

[Correspondent] At the congress you spoke about the corruption of power, about state structures joining up with the mafia, but no facts were presented.

[Sultanov] For one thing I did not say anything new. This is a serious problem throughout society. Virtually every second citizen in our society is making anxious noises about it. And here I have the results of an opinion poll of the population of Almaty on the fight against crime and corruption. The opinion poll was conducted by the republican Supreme Council Information and Analysis Center. A total of 425 respondents took part—it was a probe. According to the results of this opinion poll, the following trends cause the inhabitants anxiety. In the first place—squandering and looting of resources and the leakage of capital abroad. This phenomenon was cited as the main cause of anxiety by 66 percent of the respondents. In second place was corruption and abuse of power (61 percent). Employees of the production sphere and business people are more inclined to see the cause of the crisis in the corruption of state structures (72 percent). Workers, business people, pensioners and service sector workers above all pointed to bribe-taking in the state apparatus (85, 57, 45 and 41 percent). I do not want to repeat well-known facts and names, and what is more the law says they can be cited only after a court verdict.

[Correspondent] There is no need to argue with your last opinion. But here is another question. You regard multiparty coalition government as the most suitable form of political rotation. Is this really possible among the existing parties? They do not get on with one another.

[Sultanov] That is an entirely justifiable doubt. That is why I say that we have still not developed parties that can have a strong influence on society. But we are heading toward a multiparty system along the path of democracy. For this reason multiparty coalition government is the way ahead. I hope it comes soon.

[Correspondent] Does the party intend to participate in the forthcoming presidential elections? If yes, then how: independently or in a bloc with some one?

[Sultanov] Yes. We will quite possibly form a bloc with parties that want to do so, as well as with those with whom we share common aims. I think we still have the possibility to talk about this in more detail.

Funds Allocated To Pay Off Pensions, Benefits

LD1503092795 Almaty Kazakh Radio Network in Russian 0400 GMT 15 Mar 95

[FBIS Translated Text] In order to implement the head of state's order, and with the aim of meeting obligations in paying pension and benefit arrears to the population of Kazakhstan, Prime Minister Akezhan Qazhygeldin has issued the corresponding instruction:

The Ministry of Finance is instructed to allocate 632 million tenge from the republican budget to the pension fund as a budget loan. In connection with this, the Ministry of Social Security must pay off pensions and benefit arrears to this amount which were unpaid up to 1 February 1995.

The State Committee for Financial Control is instructed to check on the purposeful and timely use of the aforementioned resources.

Bank Adopts Short-Term Reform Program

LD1403184795 Almaty PANORAMA in Russian 11 Mar 95 p 6

[Third installment]

[FBIS Translated Text]

Foreign Capital Participation in Our Country's Banking System

The National Bank is to make the following proposals in a draft banking law:

Only foreign banking organizations will be permitted to set up branches in Kazakhstan, and only those of them with a high rating under the classification of one of the world's three leading rating agencies (Moody's, Standard and Poor, and IBCA).

In addition, the National Bank will support the creation of branches of major foreign investment banks to support the investment process in the country's economy, as well as the limitation of foreign capital participation to 25 percent in the aggregate net capital of Kazakhstan's local commercial banks in 1995-1997. In the event of favorable economic development, this limitation may be lifted from 1 January 1997.

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In relation to foreign countries, a balance should be maintained (in the first and practical aspects) in allowing foreign capital into the internal banking sector.

The function of registering foreign bank representatives in Kazakhstan should be given to National Bank.

Before the legislation is changed, in the fourth quarter of 1994 the National Bank elaborated and adopted regulations obliging branches and joint banks to place indicated funds only in internal assets, to provide for the reality of investments in Kazakhstan's economy to the extent of the authorized fund (or the share of the authorized fund for joint banks).

Bearing in mind the need to develop the process of integration within the CIS framework, in the first quarter of 1995 the National Bank will prepare proposals and hold talks with the central banks of Russia, Uzbekistan, and Kyrgyzstan relating to the establishment and registration of the branches of commercial banks of these countries. Analogous actions will be carried out in the second quarter of 1995 with the central banks of other CIS states.

Mechanisms for Bank Investments in National Goods Producers

In order to stimulate the investment process in the economy, in the first quarter of 1995 the National Bank will introduce proposals to change the legislation so as to create investment banks which should be legally and functionally separate from commercial banks.

The commercial banks may participate in the authorized capital of such banks, but the management, asset investments, and asset management must be separate, and this will be strictly supervised by the National Bank. The investment banks should have enough authorized capital (in the order of $4-5 million equivalent). Proposals will be made on introducing tax privileges for banks that give goods producers credits lasting over one year.

The Development of the Country's Financial Markets

The Interbank Money, Credit, and Currency Markets

The main burden of the organizational activity of the National Bank from the first quarter of 1995 will be directed to forming primary and secondary state securities markets as well as an inter-bank money market. In addition, at the first stage of forming a stock market, one of the main attractions for investors will be shares in banks (as the largest and most reliable issuers), and the National Bank will exert influence in forming the stock markets by means of preliminary registration of the banks' prospectuses of issue as well as supervising their activities.

One aim is that, through diversity, profitability, reliability, and the volume of financial instruments used, as well as the efficiency of deals, the situation will arise whereby by the end of 1995 Almaty will be informally recognized as the main financial center of the whole region.

The Interbank Money Market

In order to form this market, in the first quarter of 1995 the National Bank will elaborate and approve standards for regulating banking activities at the on-call loan market (i.e. at the market for interbank credits for 30 days or less, or short loans).

It is proposed initially to limit the number of participants to the largest and most reliable banks and to organize a trading floor for this market with the participation of the National Bank and under the latter's control, so that assets should be transferred from the corresponding accounts of banks in conditions of absolute order. It is proposed to open such a trading floor in Almaty in the first quarter of 1995, and the experience will be copied in one of the large regional centers in the second quarter of 1995.

Credit Market

To develop this market, in the first place the conduct of National Bank credit auctions will be improved. At the same time, in line with the growth of commercial bank resources and the development of the interbank credit market, the main volumes of interbank credits will move to this market and the role of auctions will change—auction rates will play the role of secondary orientation rates like the National Bank refinancing rate. Since January 1995, the sale of six-month loans at National Bank auctions has ceased, and two-month loans have been introduced in addition to the existing one- and three-month loans. Since January 1995, a securities loan system has been introduced by which the National Bank provides commercial banks with loans on pledge of securities, above all treasury papers. The rates on these loans will be considerably higher than the refinancing rates. The National Bank will support the commercial banks in setting up an interbank credit market on one or several trading floors in the first half of 1995.

Currency Market

Spot transactions in U.S. dollars dominate, in terms of volume, the domestic noncash currency market, followed by rubles and marks. The main institutional portion of currency transactions are carried out via KMVB [expansion unknown]. From the beginning of 1995, the National Bank will pay particular attention to deepening that section of the interbank market in regard to increasing forward currency deals and the development of instruments for hedging currency risks. Further development in this direction will depend on the general currency policy that will be conducted until the end of 1995.

In the second half of 1995 the National Bank, together with commercial banks, will start developing opportunities to move toward the functioning of an organized interbank currency market with an on-line regime (a

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permanent functioning market regime with the opportunity to carry out immediate transactions).

During 1994, the domestic market for foreign currency in cash went through a phase of rapid, extensive progress and, according to the National Bank's assessment, the volume of its operations in the fourth quarter of 1994 nearly reached its conditional highest objective level, while maintaining positive interest rates for tenge deposits. Thus competition between bank and nonbank exchange centers (of which there were 1,200 as of 1 January 1995) which is increasing due to the high profitability of cash exchange operations, will lead to minimum differences between the cash and noncash exchange rates as well as between the purchase and selling rates for cash. These trends will also be helped by special measures from the National Bank. The essential shortcoming which remains is the difference in exchange rates in Almaty and the provinces. In 1995, the National Bank will take measures aimed at cutting these differences.

As various CIS member-countries accomplish macroeconomic stability, an objective opportunity appears for shifting from dollars and rubles to national currencies in servicing trade between these countries and from barter to cash deals as a whole. In cooperation with the central banks of these countries, the National Bank will make additional efforts to form a soft currency market.

Within the framework of the further liberalization of the currency regime by the leadership of the People's Republic of China, the Chinese yuan may become a convertible currency in the near future. Taking into account the considerable and stable increase in trade between China and Kazakhstan's enterprises and enterprises in other countries of the CIS, the formation of an interbank market for the Chinese yuan in Almaty looks very promising. The National Bank will pay special attention to this issue.

The Precious Metals Market

In the first quarter of 1995 the National Bank, together with concerned ministries and departments, will develop and introduce a proposal to liberalize legislation in order to shift from a system of obligatory sale of all precious metals produced in the country to the National Bank to a system in which the National Bank has the first option. This will allow local commercial banks to purchase precious metals from Kazakhstan's producers and sell them as well as to carry out other operations, first on the domestic market and then on foreign markets.

In this context, the commercial banks that obtain the National Bank's special licence will be permitted to carry out foreign operations with precious metals as a component of the foreign assets of banks with the intention of diversifying and increasing the effective management of assets; to purchase and sell precious metals on the domestic markets and physically store them under state protection while registering operations in the National Bank; to physically import and export precious metals produced in foreign countries while registering operations in the National Bank; from the beginning of the third quarter of 1995 to physically export and import silver produced in the country while registering contracts at the National Bank aimed at introducing general statistics on operations with precious metals in the republic.

In the first quarter of 1995 ,in conjunction with "permitted" commercial banks, the National Bank will work out an institutional basis for the domestic market of precious metals in order to launch its operations from the second quarter of 1995. In the fourth quarter of 1995 the National Bank will introduce proposals on permission for "permitted" banks to import and export gold produced in the country.

The State Securities Market

The first auction of six-month treasury bills is to be held in the first quarter of 1995 and from the second quarter of 1995 such auctions will be conducted monthly. The first auction of 12-month bills will be held in the second half of 1995. By the end of 1995 the total volume of monthly sales of treasury bills will reach 400 million tenge. In addition, the National Bank will carry out active work with commercial banks, as primary dealers, to reduce the discount on these bills with the aim of reducing the cost to the Finance Ministry of servicing this debt, including the possibility of admitting Russian and foreign banks to this market and of broadening the circle of investors.

It is planned to introduce treasury bonds into circulation (with a repayment period of two and one half years and more) in 1996 and later.

The Creation of the Market of Other Securities

Although the National Bank is not directly connected to the shares and bonds market, nevertheless, as their creation is a very important factor for the development of the banking system, the National Bank intends to render all-round assistance to develop these markets. With this aim, in the first quarter of 1995 new regulations will be adopted for registering prospectuses for share issues in commercial bank as will new rules for introducing bank deposit certificates into circulation.

Apart from this, measures will be taken for the all-round development of the circulation of promissory notes, above all as a payment instrument, but in certain circumstances bills of exchange may be securities, and in this part the regulation of the circulation of promissory notes will be coordinated by the National Bank with other regulatory bodies. The National Bank will also take measures to establish the system of bank auditing and licensing of bank auditors.

Development of Payment Systems

In line with the development of a strategy for constructing a modern, complex payment system in Kazakhstan which, proceeding from world experience, will not fully belong to

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or be managed by the National Bank, the implementation of the reform and the further development of the payment system can be divided into two components, the realization of which will be carried out in parallel.

Intermediate Payment System

In the first quarter of 1995, with the aim of developing new forms and institutions for the payment system, two clearing houses will be created by the National Bank, based on the principal of clearing, in Pavlodar and Almaty. In the future, and on this basis, account services for small banks will be possible.

With this aim in mind, in the first quarter of 1995 the National Bank envisages the transition of all commercial banks to internal processing and a single correspondent account. This will allow the National Bank to be freed from carrying out functions which it should not be doing, such as processing client accounts in commercial banks at computer centers. An exception will be made for a number of former specialized banks, for which, by the end of 1994, an agreed schedule for transition during 1995 will be drawn up. [sentence as received] In the fourth quarter of 1994, new regulations were worked out and approved for payment by cheque in the Republic of Kazakhstan and on a clearing house of the National Bank of the Republic of Kazakhstan for clearing cheques. In the first quarter of 1995, this mechanism will be put into operation and a number of local clearing houses will be created for clearing cheques manually.

Together with that, in the first quarter of 1995, the National Bank will prepare a number of additional documents on payments by letter of credit and promissory notes in the banking system. The technical basis of the project for the intermediate payment system has been worked out on the basis of equipment from the firm Bull, with which the appropriate contract has been concluded. In accordance with the schedule, by the end of 1994 the firm had delivered 725 personal computers. Money to pay for the contract has been supplied by the World Bank within the framework of the technical aid loan.

Long-term National Payment System

In the first half of 1995, the National Bank intends to ensure the implementation of the program for the long-term payment system.

Development of the Design and Feasibility Study of the New Payment System for the Republic of Kazakhstan, Development of a Design for a National System of Plastic Cards for Retail Payments

The National Bank is interested in the development of such prospective payment instruments as the electronic purse. The possibilities for their use are being studied, but it is already clear now that their use will directly touch on the interests of the National Bank as issuer of bank-notes and coins. The National Bank, together with IBM, will work on a feasibility study for a national project of plastic cards.

Also by the end of 1995, within the framework of the national payment system, it is planned to create an infrastructure by buying computer equipment, developing and buying software, training personnel, and providing the payment system with a reliable telecommunications network connecting banks, service bureaus, and clearing centers with the National Bank. For these purposes, it is proposed to obtain loans of about $24 million from the World Bank. Upon approval of the project for a national payment system, it is planned in the second half of 1995 to announce tenders, choose suppliers, and sign contracts for the delivery of this equipment, software, and training specialists.

Legal Provision for the Reform and Functioning of the Banking System

During October-December 1994, the National Bank proposed draft laws on the National Bank and on banks which, in their new guise, preserve the main ideology of existing laws. The draft law on the National Bank envisages increased independence of the National Bank from the executive authority; the regulation of relations with the Finance Ministry; the supervisory functions of the National Bank are defined more clearly and in detail; articles on conflicts of interests and restrictions on personnel of the National Bank are introduced. The draft law on banks describes in detail the procedures for closing and conserving banks; raising the professional requirements for heads of banks; credit and other non-banking establishments are described in more detail; a number of other amendments and elaborations are introduced. Apart from this, the National Bank is active in developing draft laws on promissory note circulation and commercial crediting and on payment systems, and a package of normative acts for the securities market and others. At the end of 1994 and the beginning of 1995, work on new rules for currency operations, rules for conducting operations with on-call loans, regulations on clearing cheques, regulations on clearing in the Republic of Kazakhstan, rules for registering banks' shares-issue prospectuses, regulations on the collateral loan system of the National Bank, and a number of other normative documents will be completed and introduced which will improve the activities of the banking system.

An important question for creating effective mechanisms to ensure the redemption of credits is a considerable improvement in the legal regulation of the procedures for presenting, forming, and registering deposits which must be regulated by a separate law.

Tajikistan

Rakhmanov Will Not Meet Opposition Leaders in Pakistan

LD1403135495 Moscow ITAR-TASS in English 1308 GMT 14 Mar 95

[FBIS Transcribed Text] Dushanbe March 14 TASS—Tajik President Emomali Rakhmanov will not meet

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opposition leaders during his forthcoming Pakistani visit, a Foreign Ministry spokesman told ITAR-TASS today.

According to Zafar Saidov, head of the ministry's information department, "the programme of the visit does not envisage official meetings and contacts with leaders of Tajik opposition".

At the same time, the Tajikistan leadership believes that the next round of inter-Tajik talks should be held as soon as possible, Saidov stressed.

Opposition Leader Ready To Meet With Tajik President

LD1403163195 Moscow INTERFAX in English 1452 GMT 14 Mar 95

[FBIS Transcribed Text] DUSHANBE, Mar 14 (Interfax)—Said Abdullo Nuri, the leader of the Tajik opposition, based in Tajikistan, and head of the Islamic Revival Movement has expressed readiness to hold talks with Tajik President Emomali Rakhmanov "at any time and in any place", leader of the U.N. military observers in Tajikistan, Brigadier General Hassan Abasa told Interfax in an exclusive interview on Tuesday [14 March].

Abasa was in Afghanistan from March 10 to 13, where he met with representatives of the armed Tajik opposition.

He expressed hope that Nuri's proposal would be "duly appreciated by the Tajik president" and that talks "which are of major importance and which give a real chance for a peaceful political settlement of the inter-Tajik conflict" will be held.

He said that U.N. military observers and Nuri had discussed two blocks of problems: the establishment of direct and daily contacts between the U.N. military observers in Dushanbe and the headquarters of the Tajik opposition in Afghanistan, and the establishment of similar contacts with the field commanders of the armed opposition, based along the Tajik-Afghan border.

Abasa said that "the sides have reached mutual understanding and complete agreement."

On March 17, a group of military observers will set out to Khorog (the administrative center of the Gorno-Badakhshan Autonomous Region in the east of Tajikistan), where they will meet with the field commanders of the Pamir self-defense units supporting the opposition, for establishing "direct contacts".

During the talks, Nuri assured the U.N. representatives that the opposition "will not initiate any combat operations on the Tajik-Afghan border this spring," said Abasa.

The agreement on cease-fire, signed in Tehran on September 17 by representatives of Dushanbe and the opposition, is to last until April 26.

Islamic Opposition Commanders in 'Closed Meeting'

LD1503092895 (Clandestine) Voice of Free Tajikistan in Tajik 0330 GMT 15 Mar 95

[FBIS Translated Text] A closed meeting took place between Islamic Movement of Tajikistan jihad commanders two days ago at one of the headquarters of the Islamic Movement of Tajikistan, with the participation of Prof. Sayed Abdullo Nuri, supreme commander of the Islamic Movement forces.

No further details of this meeting have been received but present conditions on the frontlines and their consolidation with fresh forces were probably considered. As it is known, the temporary ceasefire between the Islamic Movement of Tajikistan and the communist regime of Tajikistan was extended until 26 April and, unless the forces of the Dushanbe regime leave Darvaz, it will be unilaterally abolished.

Deputy in New Tajik Parliament Murdered

LD1403125595 Moscow ITAR-TASS World Service in Russian 1154 GMT 14 Mar 95

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Translated Text] Dushanbe, 14 Mar (ITAR-TASS)—In Tajikistan last night 45-year-old Zayniddin Mukhiddinov, people's deputy of the new national parliament and chairman of one of the collective farms of Leninskiy district, on the outskirts of the city, was killed by persons unknown. The ITAR-TASS correspondent was told this at the republic's Ministry of Internal Affairs.

The scene of the crime and the motives have not yet been reported.

Opposition: Deputy Killed by Rivals

LD1503061195 (Clandestine) Voice of Free Tajikistan in Tajik 0330 GMT 15 Mar 95

[FBIS Translated Text] In Lenin district, a newly elected deputy to the communist parliament of Tajikistan, the chairman of one of the collective farms in this district, Zayniddin Muhiddinov was murdered by unidentified people. Two weeks ago Muhiddinov, in competition with two other people, was elected to the Supreme Council. In the case of Muhiddinov's murder it can only be said that at 1700 GMT on 13 March, two armed people led him out of his house and shot him dead. No more details have been made available on how the murder was committed.

The communist regime in Dushanbe has also chosen to maintain a mysterious silence in the case of the aforementioned murder.

Before being elected chairman of the collective farm, Zayniddin Muhiddinov was active as a journalist and

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was chief editor of the Lenin district newspaper. It is suspected that he was murdered by his electoral rivals.

[Dushanbe Radio Tajikistan Network in Tajik at 1700 GMT on 14 March reported the death as follows: "On the night of 13 March, unidentified armed people murdered Zayniddin Muhiddinov, the chairman of the Pulodov collective farm in Lenin district. The unidentified criminals shot him dead in his house. The reasons of this incident are not known. At the elections to the supreme legislative body of the country on 26 February, Zayniddin Muhiddinov was elected deputy to the Supreme Assembly."]

Uzbekistan

President Karimov Addresses Copenhagen Summit

LD1403134595 Tashkent NARODNOYE SLOVO in Russian 14 Mar 95 p 1

[FBIS Translated Excerpt] The unprecedented summit meeting in Copenhagen ended with the adoption of a declaration by the heads of state and government of more than 130 countries and international organizations on consolidating their efforts. It was organized by the United Nations. [passage omitted]

The speech of the president of Uzbekistan from the rostrum at the Copenhagen summit elicited a broad response. Speaking about the deep social contradictions that exist in the world, Islam Karimov pointed out several of the main reasons. He emphasized the importance of such a representative forum, above all in the fact that the heads of state can express their views and approaches to the problems of social development and strengthening the principles of social justice. [passage omitted]

Then the leader of Uzbekistan dwelled on the Aral Sea tragedy, which has already grown into a world problem. Over the last few years, the size of the sea has fallen by more than two-thirds, the mineralization of the water has risen 300 percent, and 2 million hectares of arable land has been lost. The radius of the area now affected by dust storms is 500-plus kilometers. Thus ecological normalization in the region, where 60 million people live, is impossible without the active assistance of the world community.

The second complex of issues which the president touched upon in his address to the summit was connected with the necessity of the community's preventive policy directed toward forestalling the mounting danger of interethnic and regional confrontation and wars. Islam Karimov focused the attention of the summit on the situation in Tajikistan and Afghanistan. He noted that it is erroneous to think that the confrontation here is of a regional nature and does not affect the interests of Europe and Western countries. Hunger, poverty, and ruin are the horrible conditions in which millions of people live. And this is a factor of social explosion capable of shaking stability and security not only in the Central Asian region, but in the whole world. So this region is today becoming not only the main transit route for shipping drugs to Europe and other countries of the world, but is also a key link in the criminal international drugs business and lethal weapons trade. [passage omitted]

Germany Delivers 33 Tonnes of Medical Aid

LD1503094595 Tashkent Radio Tashkent Network in Uzbek 0300 GMT 15 Mar 95

[FBIS Translated Text] The Ministry of Public Health of Uzbekistan has received a large amount of medicines and goods necessary for medical first aid from the Federal Republic of Germany. The present humanitarian aid was arranged by Uzbekistan's Embassy in Germany and the Germany-Uzbekistan society, in cooperation with several nongovernmental organizations. The total weight of the delivery is more than 33 tonnes and is worth nearly 5 million German marks. Germany is observing the economic reforms of the industrious people of Uzbekistan under the leadership of President Islam Karimov with great interest. For this reason, support for Uzbekistan and rendering assistance to the Uzbek people, particularly in the present time of economic development, is very important, said Bundestag Deputy (Erika Reinhardt), who was especially active in arranging the humanitarian aid. Previously she also showed initiative in sending large amounts of scientific literature to the universities of our Republic. This humanitarian aid, as part of our cooperation with Germany, is playing an important role in strengthening relations between our states.

Foreign Trade Bank Presents Plans for 1995

LD1503111595 Tashkent NARODNOYE SLOVO in Russian 15 Mar 95 p1

[Unattributed report: "Financiers Favor Reform"]

[FBIS Translated Excerpt] An enlarged meeting of the management of Uzbekistan's National Bank for Foreign Economic Relations has taken place to discuss documents from the first session of the Supreme Council, the results of the bank's activity in 1994, and tasks for 1995, in the light of the report made by Uzbek President Karimov at the Supreme Council's first session.

In the report of Rustam Azimov, chairman of the bank's management board, and in the speeches of other speakers it was underlined that the National Bank for Foreign Economic Relations during the period under review has carried out a series of organizational and financial measures that have strengthened the positions of Uzbekistan on international finance markets.

The bank has received credits in the last year from the United States, Germany, Japan, Italy, France, Switzerland, the European Bank for Reconstruction and Development, the European Economic Union, Turkey, China, Indonesia, and India.

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The bank's credit policy has been aimed at establishing export-oriented and import-substitution projects, which has promoted the stabilization of the republic's economy. The bank's monetary policy has promoted the strengthening of the national currency and the stabilization of its exchange rate.

The following were determined as the main strategic tasks of the national bank in 1995:

—launching the financing of priority projects in the spheres of extracting and processing oil and gas, gold mining, cotton processing and textile industries, and telecommunications;

—completing the introduction of a system of automated banking operations and modern program maintenance;

—implementation of several projects for the creation of such elements of the market infrastructure as insurance, leasing, and engineering companies, and a joint bank with the participation of first-class international and foreign financial institutions.

All of this will allow not only a rise in the efficiency of the bank's activity but at the same time will also actively promote the development of reforms in the country as well as the integration of Uzbekistan into the world financial system. [passage omitted]

Utkur Sultanov and M. Sharifkhodzhayev, Uzbek deputy prime ministers, and F. Mulladzhanov, chairman of the Uzbek Central Bank, took part in the meeting.

Privatization Measures in Tashkent Detailed

LD1503101695 Tashkent VECHERNIY TASHKENT in Russian 13 Mar 95 p1

[FBIS Translated Text] The fact that entrepreneurs' activities in the Republic have been given the green light confirms not only the improvement in the legislative basis, but also the implementation of practical steps in support of private business. Tashkent, of course, remains the main center for the formation of market infrastructures. What is being done here within the framework of the decree of the president of the Republic of 5 January on initiating and stimulating private entrepreneurship?

"Following the president's decree, an appropriate decision of the head of the city's administration was adopted and measures have been worked out and approved," Abdulla Fatkhullayevich Faysullayev, deputy head of the Tashkent administration and chief of the territorial department of the State Property Committee, said at the start of our conversation. A state program of privatization for this year has been finalized. Industrial, transport, communications, and building organizations will change their form of ownership. By 1 March, 1,285 newly created enterprises had already registered, including 590 private enterprises, 87 small enterprises, and 508 enterprises of other forms of ownership. We registered up to 200 enterprises in one week alone. This became possible owing to the simplified process of legalization of documents and shortening the terms for their consideration. According to this plan, work is progressing actively in Chilanzar and Mirzo Ulugbek districts.

However the work of the territorial department of the State Property Committee is not restricted to the registration of new entrepreneurial firms. The main accent at the present stage is put on strengthening the economic independence of the new owners. The system of supporting entrepreneurship is also aimed at it, including not only preferential credits and the financing of promising projects but also juridical and accounting advice and assistance by auditing and engineering firms. A city fund for promoting the development of small and medium business has been created in Tashkent, and its district subdivisions are being formed, which must provide support for the development of the 'Makhallya Plant' program to carry out traditional contests for the best business project and the best entrepreneur, and to create business incubators for guaranteeing the initial growth of the private enterprises. In order to facilitate the search of premises for small factories, warehouses or storehouses, the department of nonresidential premises has been drawing up an inventory of empty premises which will later be granted on lease to private owners.

Gradually the activity of municipal bodies and entrepreneurs on the republican commodities and raw materials exchange is becoming more active, as well as creating a securities market.

"The day is not far off," Abdulla Fatkhullayevich continued, "when a network of share shops will operate in the city. The shares of enterprises will be sold here, which anyone interested will be able to buy at a price considerably lower than at the stock exchange. Besides, the first of them is already operating, selling the shares of seven joint-stock societies, giving the population the opportunity to take part in privatization and become co-owners of enterprises."

A cabinet of ministers' resolution has promoted the acceleration of the process of issuing securities, which allows the Main Department of Finance to consider the documentation of enterprises with authorized capital of up to 1 million soms. Work on shares will be followed by work on dividends. And this is a notable point. Profits from state equity will be transferred to the joint-stock societies themselves for further development of their production.

Real estate and land plot auctions are far from the least important part of the process of denationalization. This year two auctions were held, at which 10 land plots were sold for individual housing construction. The next auction will be held on 31 March.

Employees of the territorial department of the State Property Committee and its subsections are helping entrepreneurs to prepare statutes and necessary documents, and are organizing courses and seminars to train specialists.

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One more direction of work is attracting foreign investors to priority sectors. Moreover, emphasis is not placed on buying and selling goods, but on developing local output. The UzBAT [British American Tobacco] joint venture can serve as an example for this. The next step is to create a joint venture together with the Malaysian company Sedzhaty on the basis of the Hotel Tashkent, with the Tashkent territorial communal service association as a founder. A decision to create an Uzbek-German-Italian joint venture on the basis of the champagne-method wine factory has been taken. Major work is being carried out on enterprises which have already changed their form of ownership. A databank of possiblepartners is being prepared for them, and assistance is being rendered in the search for new investors, in particular for building mini-workshops to produce consumer goods and mini-factories to produce foodstuffs.

"There is major work ahead," A.F. Faysullayev said in conclusion, "But implementation of that which is planned will mean that one more step has been made in the development of market relations, in the formation of the nonstate sector of the economy, in involving the population in entrepreneurship, and in solving the tasks set by the president of our Republic."

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Armenia

President Receives UK Ambassador; Ties Viewed

NC1403204895 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 14 Mar 95

[FBIS Translated Text] Armenian President Levon Ter-Petrosyan received Great Britain's Ambassador to Armenia Brian Fall today. Mutual satisfaction was expressed during the meeting on the normal course of development of Armenian-British bilateral ties. Brian Fall stressed the role to be played by the British Embassy, to be opened in Yerevan in the future, in the further deepening of these relations.

At the request of the British diplomat, Levon Ter-Petrosyan explained the course of economic reforms being implemented in Armenia as well as the Armenian authorities' position on the peaceful resolution of the Karabakh conflict.

The Armenian president's chief adviser Zhirayr Liparityan and Deputy Foreign Minister Vardan Voskanyan were present at the meeting.

Chairman of the Supreme Council Babken Ararktsyan and Foreign Minister Vahan Papazyan also received the British diplomat today.

Great Britain's Ambassador to Russia and Armenia Brian Fall said in a news conference in Yerevan today: After Armenian President Levon Ter-Petrosyan's visit to Great Britain, the relations between our countries have been developing rapidly and successfully. A leading role is being played in this by Armenia's Ambassador to London Armen Sargisyan, whose activities were highly assessed by the British diplomat.

Brian Fall announced that the British Embassy will be opened in Yerevan in around September this year, and a new ambassador will be appointed.

In reply to reporters' questions, the guest specifically underlined that Armenia's role in the region will increase from year to year.

ARF Figure, Family Seek 'Refuge' at U.S. Embassy

NC1403143395 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0901 GMT 14 Mar 95

[FBIS Transcribed Text] Yerevan ("GOLOS ARMENII" daily), 03/14/95—A member of the Dashnak [Armenian Revolutionary Federation—ARF] party Meruzhan Grigoryan, head of commercial charity company "Monte", was arrested on March 10 near the entrance of RA [Republic of Armenia] Procurator's Office.

"Monte" Ltd. was under the aegis of the Ministry of Defense, all its profit being used for aid to the families of died volunteers.

After President's speech on the Armenian TV about suspending operation of ARF Dashnaktsutyun on December 28, Interior Department of the Soviet district of Yerevan ruined the shop of "Monte" Ltd. under the pretext of checking.

Relatives of Mr. Grigoryan said he started a hunger strike on February 11, protesting about the methods implemented by 4th Department of the Ministry of the Interior.

Having serious doubts about their security, family of M.Grigoryan requested political refuge in the U.S. Embassy. A similar request was made by Meruzhan Grigoryan before arrest.

Number of Seats in Next Assembly Determined

NC1403195495 Yerevan SNARK in English 1504 GMT 14 Mar 95

[FBIS Transcribed Text] Yerevan, March 14 (SNARK)—The next Armenian Parliament will have 160 sits. The number has been adopted at today's session. Among four considered options, the preference was given to the Liberal Democratic Faction proposal, 114 to 30, with 11 abstained. 40 members—to form a future National Assembly—should be elected from the so-called "party lists", while 120 others by general elections in districts.

However, the session has not decided yet whether the Parliament should be professional or not. Discussions also lasted on nomination of the Central Election Committee chairman and members.

During debates, the Government members headed by Prime Minister Hrand Bagratian were waiting in hall and corridors to start the discussion of state budget planned for morning. Their turn came, however, only after lunch and will hardly end in one session. Results will be reported later by Snark.

Azerbaijan

Parliament Session To Discuss Situation in West

NC1403184795 Baku TURAN in English 1414 GMT 14 Mar 95

[FBIS Transcribed Text] Baku (March 14) TURAN—The session of the Milli Mejlis is due to take place today, the agenda includes several economic items. The sources from the Supreme Soviet report that the Azeri President will make the report about sharp aggravation of the situation on the west of Azerbaijan.

The building of the Parliament is protected by armed policemen and Presidential guard. All roads leading to the Parliament are closed by the armoured posts, the admission of transportations and citizens to that region is limited at maximum.

The Presidential staff reports that yesterday President Aliyev conducted closed meeting among the Ministers and top political leadership and discussed the situation on the west of the republic.

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GANJA

Turan's correspondent reports from Ganja that last night legal power in Akstafa and Kazakh regions was restored. However, the situation is not stable there. "The employees of OMON [Special Purpose Militia Detachment] of the Kazakh region under the guard of their Commander, Elchin Amiraslanov, liberated the governmental buildings seized yesterday and left for their base. The tension in Akstafa and Kazakh still remains, since OMON is the force, which is not subordinate to anybody and deals with the contraband of benzine and other strategical raw material, the Chief of Ganja's Police, Namig Efendiyev, told Turan. The same source reports that the activities of OMON are controlled by separate political circles. The source mentioned that the conflict between OMON and the authorities took place after police confiscated of 150 tons of non- ferrous metals illegally removing from Azerbaijan.

Reaction to Western Events Reported

NC1403195595 Baku TURAN in English 1431 GMT 14 Mar 95

[FBIS Transcribed Text] Baku (March 14) TURAN—The events in the northern-western region of Azerbaijan excite the social and political forces in the republic. The arrests in Akstafa among the supporters and activists of the APF [Azerbaijan People's Front] caused the reaction of some political forces of the country.

Thus , State Advisor Gabil Huseyinli told TURAN that he excludes the political ground in these events. According to him, the events in Kazakh and Akstafa are the reflection of the fight for the split of the spheres of influence between the groups of mafioses and those events have the economic motive. According to Huseynli, one can consider that crisis passed away and the constitutional order in the regions was restored.

A representative of the Azerbaijan's Party of National Independence (APNI) Elnur Khalilov noted that a conflict between the police and OMON [Special Purpose Militia Detachment], two branches of one and the same Ministry, witnesses about weakness of the government and his force structures.

One of the leaders of the Azerbaijan's Social Democratic Party (ASDP) Zardusht Alizade believes that there are three versions on the events in Kazakh and Akstafa. According to him the first version is a clash between the contraband groupings of OMON and police, which arose during transformation to Turkey through Georgia 120 tons of ferrous metals. According to the second version the President Aliyev cannot agree with the existence of the armed grouping of the Deputy Interior Minister Rovshan Javadov and is taking measures on its neutralisation. Third version is the beginning of game which is more serious, than in October 1994 and these games can take place both in Baku and beyond Azerbaijan. According to Alizade, the most probable is the first version. "But it is natural that a military-political force, which the OMON is, in any case will look for the ally among the political forces," said he.

Head of Musavat Party Isa Gambar considers that the events in Kazakh and Akstafa are the next dangerous form of fight for the split of the sphere of influence among the power structures. According to Isa Gambar under the unstable situation on the border between Azerbaijan and Armenia, the activisation of the external and internal forces, opposing the independence of the republic, that fight can bring about the dangerous consequences. He appealed the authorities to refuse from the possible force methods in the settlement of such conflicts.

Disbandment of OPON Special Police Unit Ordered

LD1503040395 Moscow Radiostantsiya Ekho Moskvy in Russian 0200 GMT 15 Mar 95

[FBIS Translated Text] Azerbaijan's Minister of Internal Affairs has issued an order for the disbandment of the OPON [special purpose police unit]. The document notes that the OPON has become a virtually uncontrollable force. Personnel have been ordered to hand in their weapons to the authorities.

OPON: Disbandment 'Illegal'

LD1503060495 Moscow Radiostantsiya Ekho Moskvy in Russian 0500 GMT 15 Mar 95

[FBIS Translated Excerpt] Azerbaijan's Minister of Internal Affairs has issued an order for the disbandment of the OPON [special purpose police unit]. [passage omitted]

Representatives of the OPON headquarters have told INTERFAX news agency that they consider the minister's order to be illegal. They in turn demand his resignation, as well as that of the speaker of the republican parliament.

At present the OPON headquarters is gradually being cordoned off by government troops.

OPON Supporters Given Weapons

LD1503102895 Moscow ITAR-TASS World Service in Russian 0956 GMT 15 Mar 95

[By ITAR-TASS correspondents Sevindzh Abdulayeva and Viktor Shulman]

[FBIS Translated Text] Baku, 15 Mar—The situation in Azerbaijan has worsened following threats of the leaders of the special purpose police detachment [OPON] to march to Baku and force President Geydar Aliyev and speaker Rasul Guliyev to resign.

There are about 3,000 members in the OPON. Today they gathered at their headquarters situated 8 km from Baku. They are led by Deputy Interior Minister Rovshan

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Dzhavadov. According to some information, the OPON is handing out weapons to its supporters calling on them to demand the replacement of the country's leadership and the formation of a coalition government.

Background on Actions Over Baku OPON Base

LD1503122295 Moscow INTERFAX in English 1126 GMT 15 Mar 95

[FBIS Transcribed Text] BAKU, Mar 15 (Interfax)—Azerbaijani Government forces blocked a special police unit [OPON] in a Baku district Tuesday [14 March] night for refusing to fulfill Interior Minister Ramil Usubov's order to surrender arms, members of the unit told Interfax by cellular telephone Wednesday morning.

The situation remains calm, however, and the unit members do not believe that force will be used against them.

Azerbaijan's Deputy Interior Minister Rovshan Dzhavadov, the actual leader of the special police, has been on this base since Tuesday evening.

His brother Makhir Dzhavadov told Interfax that they had sent a letter to President Aliyev which qualifies as a provocation the events which occurred two days ago in the Akstafa and Kazakh regions (north-west of Azerbaijan), when the local special police seized the local government and police department buildings. The brothers write that the provocation was organized by parliament chairman Rasul Guliyev and Interior Minister Ramil Usubov.

Makhir Dzhavadov also stated that the special police would insist on an emergency parliamentary session for considering the situation, and demand the resignation of Guliyev and Usubov.

The interior minister's order to disarm and eliminate special police was published in Baku Tuesday evening. The document says that "such a decision was taken because the special police have got out of control and merged with the criminal world." The special police refused to fulfill the order saying that it was illegal.

The Azerbaijani special police caused the situation in the republic to deteriorate when it seized the building of the Prosecutor-General's Office on October 3, 1994 and demanded the resignation of Prosecutor-General Ali Omarov, who was subsequently dismissed. The special police, with which the authorities had come to terms, also demanded the resignation of Guliyev and Usubov. As a result of the Baku events and an abortive attempt to remove the legitimate authorities in Gyanj, Prime Minister Surat Gusseynov was removed from his post for charges of maintaining contacts with the rebels. President Aliyev qualified the events in October 1994 as an attempted coup.

Rovshan Dzhavadov said several days after the "rebellion" that the special police's actions on October 3, 1994, were "a real state coup" which Gusseynov tried to carry out.

'Attempt' Against Parliament Speaker Foiled

NC1403185195 Baku TURAN in English 1421 GMT 14 Mar 95

[FBIS Transcribed Text] Baku (March 14) TURAN—Today an attempt on the Speaker Rasul Guliyev was prevented, according to informed source in the Parliament. The attempt was made at the moment when a car of the speaker approached the building of the parliament. Two armed men with grenades and a pistol tried to use them. The same source states that one of the armed men managed to shot in the air but was immediately disarmed by the guards of the speaker. The other man took out a grenade but did not manage to use it, said the same source.

A man with a grenade was detained today not far from the building of the parliament at 10.15. He shouted and threatened "to kill the traitors." The armed man was detained by police and was brought to the building of parliament. The information about an attempt on the speaker and on the disarmament the man may be one and the same event.

Today at 13:00 the guard round the parliament was substituted. All storeys were occupied by the special military men who were dressed and armed not like the others. According to one of the guards, they were the representatives of a Special Division of the Ministry of National Security.

One of the guards said that there was an information that the employees of a Special Police Unit are going to attack the building of the Parliament from their head-quarter in the district 8-th kilometre. That is why all the roads to the head-quarter are blocked by police and the national guards.

Russian Aircraft Crashes in Baku Suburb

LD1403203095 Moscow INTERFAX in English 1922 GMT 14 Mar 95

[FBIS Transcribed Text] BAKU, Mar 14 (Interfax)—A Russian An-24 aircraft, presumably en route from Yerevan to Kislovodsk, crashed in the environs of Azerbaijani capital Baku between 15:00 and 16:00 Tuesday [14 March].

According to Adalyat Aliyev, director-general of the state-owned Azerbaijani Airlines, the aircraft asked for permission to land in Bina Airport because one of its engines had failed. Permission was granted and all appropriate services alerted.

After it had made one circle over the airdrome the plane was lost on the radar screen. Several helicopters took off to look for it.

Eight crew members and four passengers were found alive, some of them wounded. The causes of the crash are being investigated.

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Trade-Economic Agreement Initialed With Moldova

NC1403221495 Baku TURAN in English 1424 GMT 14 Mar 95

[FBIS Transcribed Text] Baku (March 14) TURAN—Azerbaijan and Moldova initialed the draft of the intergovernmental trade-economic agreement, the Ministry of Economy told Turan.

The same source reports that in the agreement both parties stressed the importance of new forms of co-operation, including creation of the joint venture, industrial and financial groups and co-operation in different fields.

Under the agreement, Azerbaijan commits itself with delivery of the following oil products to Moldova - 1,000 tons of air-kerosene, 15,000 tons of diesel fuel, 2,000 tons of motor oil, 2,000 tons of diesel oil, 2, 000 tons of industrial oil, 200 tons of "T" paraffin as well as products of chemical, petrochemical and electro-chemical industries and medicines totalling $54,000.

Moldova will deliver to Azerbaijan consumer goods, glass-ware, food products - 1,000 tons of butter, 4,000 tons of sugar, 2,000 tons of meat, medicines totalling $2,000 and other things.

The same source added that this is not the clearing agreement as it was previously. Unlike the previous agreement, all deliveries irrespective of supplier will be taken into account in this agreement. He said that the quotas will be co-ordinated by the leadership of the country and may be changed during agreement's signing.

Georgia

Shevardnadze Delivers Annual Report

AU1503060095 Tbilisi SAKARTVELOS RESPUBLIKA in Georgian 11 Feb 95 p 1-4

["Information Provided by (Georgian Head of State) Eduard Shevardnadze to the Republic's Parliament (in Tbilisi) on 7 February 1995 on Georgia's Domestic and International Situation and on Progress in Overcoming the Crisis and Implementing the Reform Program"]

[FBIS Translated Text]

I. Crisis and Reforms. Main Strategic Aims up to 2000.

We are living today in a time of deep crisis and cardinal reforms. These two concepts—reform and crisis—determine our existence, consciousness, and psychology today. Georgia is suffering a depression and a crisis, but the state that is in the process of construction, its legislative and executive power, and municipal administrative bodies are in control of the situation and are also attaining a certain amount of success in implementing the program of national salvation and reforms.

The republic is at an extremely responsible, complex, contradictory, transitional, and historic stage.

First. The radical reform of society is under way.

One social and state system is being replaced by another: A totalitarian system is being replaced by a democratic one. We are creating a new democratic **civilized civic society along with its structures.** Work is being completed on Georgia's draft constitution that will form the basis for the construction of a new, single, strong and democratic society and state.

Second. The cardinal reform of the state system is under way.

Historical experience shows us that a civic society is impossible without the creation of a rule-of-law state. Therefore, we are building, to all intents and purposes, the first full-fledged democratic rule-of-law state in the history of Georgia.

Third. One of the principal strategic aims of the government is the implementation of radical economic reforms, the creation of a modern civilized socially oriented market economy, and the development of highly efficient forms of ownership.

These three main strategic aims were being implemented in 1994. These basic trends need to be extended and developed still further in 1995 and continued until 2000.

One of the most important tasks of the government this year, as in previous years and in the future, is the restoration and preservation of Georgia's territorial integrity, the protection of the republic's sovereignty, freedom, and independence, the strengthening of democracy, and the implementation of domestic and foreign policy and major reforms.

In order to achieve the fundamental strategic aims, Parliament, the Cabinet of Ministers, the head of state, local and municipal bodies, the entire state system, healthy political forces, and practically the greatest part of society are struggling more or less successfully, but we have nevertheless been unable to avoid the crisis.

Today, as a result of the situation that has taken shape in the country, all branches of power, all structures and subunits—first and foremost, the legislative and executive power, the headquarters for reforms, mayors, local administrative heads [gamgeblebi], assemblies [sakrebuloebi], and all ministers and members of Parliament are responsible.

At the same time, we have to state: The people, I as the popularly elected chairman of Parliament and head of state, and Parliament and the Cabinet of Ministers are not satisfied with the quality and scale of the reforms, the dynamics and results of the implementation of the anticrisis program and the program of macroeconomic stabilization and systemic changes, and the system and level of the social protection of the population. In order to improve sharply the situation in 1995 and thereafter, the strategy and tactics for implementing the reform and anticrisis

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program will be proclaimed aloud and before Parliament and the people so that they can pass judgment.

In this way, the basis is being laid for a new democratic tradition: The head of state's annual report and address to Parliament and the people.

II. On the Basic Problems of Domestic Policy

1. [number as published] The New Constitution (The New Version of the 1921 Constitution). The New Constitutional System. The New Democratic Rule-of-Law State.

State structures are in force today that were created on the basis of the constitutional law "On State Power." At the transitional stage, they have basically justified their purpose although they have been unable to achieve their maximum potential.

The law on power, which expresses the objectives of the 1921 Constitution, remains in force today, but life makes its demands and is placing the question of the adoption of a new constitution on the agenda. It is impossible to move forward with a provisional law.

A Constitutional Commission is functioning and Parliament has appointed myself as its chairman. As I have mentioned, work on a new draft constitution is being completed. It will be published as soon as it has been discussed in the Constitutional Commission. The Constitution will be discussed and ratified by Parliament. This will be an event of historic importance.

The new Constitution **will lay a solid foundation for the construction of a democratic rule-of-law state.**

I will deliver a fairly lengthy report on this question in the very near future. Therefore, I will not continue to speak any further today about the problems of a new constitution. I will only express a few views. First. [as published] The Constitution will take into account, on the one hand, both the historical and contemporary specific features of our country's state and legal development and, on the other hand, the experience of world constitutionalism of the world's advanced countries and the recommendations of international experts and organizations.

One of the initial tenets of the Georgian constitutional doctrine is that the formation of a democratic rule-of-law state, a civilized civic society, and a socially oriented market economy will be possible only in a strong democratic state and in conditions of the functioning of a parliamentary government.

The aim of Georgia's state construction is a democratic constitutional state where universal human rights and values are guaranteed.

III. A Civilized, Humane, and Civic Society

1. [number as published] Future Parliamentary and Presidential Elections. A New Electoral Law. New Central and Local Electoral Commissions.

With the adoption of a new constitution this year, the republic, as we have pointed out, will lay a firm historical foundation for the formation of the first civic society in Georgia's history.

A democratic Georgia is building a rule-of-law state where, on the one hand, legislative, executive, and judicial power are constitutionally delimited and, on the other hand, the rule-of-law state and open civic society are similarly delimited and independent of one another in accordance with the principles of democracy.

All this serves the protection and implementation of fundamental universally recognized human rights and freedoms.

For the last two years, the law "On State Power" has been the basic factor for regulating normal relations between society and the state.

It is possible to say that, at the present stage, the country is at a period when the de facto and de jure formation of a constitutional system is beginning.

As we have said, this constitutional law will be replaced this year by a new constitution following parliamentary and universal popular discussion. This year, on the basis of the new constitution, elections to elect a new president, a bicameral parliament, and regional and municipal bodies are to be held, a new cabinet of ministers and constitutional and supreme courts are to be formed, and territorial-administrative organization, and other most important measures are to be carried out.

The current electoral law is being criticized en masse although we are forgetting in what conditions it was created: So that a broad political spectrum could have emerged on the political arena at the previous elections. Both the rules of the elections and their entire system were subordinate to this aim. To all intents and purposes, privileged conditions were created for numerous small and not so influential political parties. This was necessary given the development of democracy at that stage. A clear trend toward the enlargement and unification of political forces is now taking shape. Democracy has advanced to a new and higher stage. Therefore, the electoral law is in need of further improvement.

I think we should pass a new electoral law and create new central and local electoral commissions.

This is necessary following the adoption of a new constitution.

The year 1995 will be one of the most historic in Georgia's recent history. This will be the year that will see major reforms, a [new] constitution, a national referendum, and parliamentary and presidential elections.

IV. Legislative Power, the Role of Parliament in the Struggle for the Implementation of the Reform and Anticrisis Program

The three-year cycle of work in Parliament is coming to an end. Naturally, there is a wish to review the path taken, what has been done, what it has not been possible to do, and what should be done.

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Our Parliament, no matter how inconsistent society's view of this institution may be, is our great democratic achievement.

Analysis and criticism form the basic principle underlying the work of Parliament. We also should be critical and analytical in our assessment of Parliament's activities. However, I am not mistaken when I say that, in spite of the most serious crisis and critical situation, Parliament has nevertheless been equal to [the task of upholding] state interests.

During spring and autumn last year, 85 plenary sessions of Parliament were held, at which 41 laws and 180 resolutions were passed. Is this a lot or not? It is not a lot as this bloc of laws cannot meet all the necessary requirements of the transitional period and big reforms; it is unable to fill the "legal vacuum" and create the corresponding legal base.

As early as in May 1994, in an address to Parliament, I referred to the bills that needed to be examined in the near future. Parliament adopted the appropriate resolution on this question.

This document contained a list of 33 bills that needed to be passed in order to form new economic and legal relations. Unfortunately, only one of these bills has been passed today: the law "On Entrepreneurship."

Furthermore, according to the work plan for the autumn session, 42 bills should have been examined; of these only three have been passed, while 18 laws that were not included in the plan have also been passed.

I said in my address to Parliament, and I repeat now, that we are today at a period in the life of the country when, along with the regulation of the most complex political and social problems, the authorities should take urgent measures to form new economic and legal relations.

At the same time, it is significant that law-making is clearly lagging behind the life and demands of our society. The most important property and non-property, organizational, and state administrative relations have remained legally unresolved, which is creating significant barriers to economic reform and the establishment of favorable conditions for the formation of a civic society in the country.

In the first place, it is a question of such laws without which **the perfect execution of the rapid transfer to a market economy** is unimaginable.

The government has presented to Parliament three different cycles of bills and Parliament should devote particular attention to examining them. **The first cycle of bills** directly concerns economic relations. Legislative acts regulating agrarian relations belong to this cycle; passing them is of vital economic and social importance. These include, first and foremost, the law "On Land Ownership," and so forth.

Those bills that contain procedural legal guarantees for protecting the rights of economic subjects in material relations belong to **the second cycle of bills to be passed.**

Those laws that should regulate state administrative relations in accordance with the democratic course chosen by the country belong to **the third cycle of acts to be passed.** These are the bills "On State Service," "On State Secrets," "On Political Parties," and many more.

Parliament, during the period of its powers, should also manage to pass codified legislative acts and codes. New civic, criminal, and labor codes, codes of criminal and civil procedure, and a code on administrative violations are to be passed.

The urgent implementation of this major work is of historic importance in a most complex period for our country.

I am ready to cooperate actively with all commissions factions, and individual members of Parliament to speed up the process of lawmaking.

It is necessary for Parliament to transfer sharply to the business of lawmaking in the very near future.

The results of Parliament's "autumn semester" give us hope. The adoption of new rules has made the activities of Parliament far more effective. Laws have been passed "On the Bases of Indicative Planning of Economic and Social Development," "On Communications," basic laws "On Entrepreneurship," "On the Development of Science and Technology," and so forth. The budgets for the fourth quarter [of 1994] and also for 1995 have been ratified.

However, we have not been able to fill that legislative vacuum that is hindering foreign investors from investing their capital more boldly in the Georgian economy and other important laws have not been passed. I have in mind, in the first place, the Law "On Combating Corruption and Economic Crime," "On the Creation of Illegal Armed Formations and Responsibility for Participating in Them," "On Monopolistic Activities and Competition," "On Combating Terrorism," "On Combating Drug Addiction and the Drugs Business," and so forth.

Responsibility is conferred on all the parliamentary commissions, first and foremost, the Juridical Commission, the Commission for Economic Questions, the Finance and Budget Commission, the Agrarian Commission, the Commission for Industry, Power Engineering, Transport, Communications and Municipal Services, and other parliamentary structures to provide the legal basis for major reforms.

There should be an improvement in the system for coordinating the activities of, on the one hand, the legislative power—Parliament—and the executive power—the Cabinet of Ministers—and, on the other hand, municipal, local, and regional administrative

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bodies; there should similarly be an improvement in the style, forms, and methods in the sphere of overcoming the crisis and implementing reforms. The Parliamentary Central and Local Administration Reforms Commission needs to work more productively in this direction.

In improving the work of Parliament, great importance is attached to increasing the efficiency of its apparatus and research services.

There are two scientific structures attached to Parliament: the Georgian Parliamentary Institute for Democratic Construction and Political Science and the Parliamentary Research Center. A special subunit functions within the Institute, namely the Parliamentology Center, which is engaged in studying the problems of world parliamentary democracy.

Their names are fairly impressive, but it is difficult to talk about the concrete results of their activities as the individual structures within these formations have been unable, both as far as their personnel are concerned and in essence, to move far away from the theoretical or practical starting points of the Soviet period.

We believe it is essential to modernize these centers and bring them up to strength with highly qualified personnel and attract young specialists to them.

In the future, if it is decided constitutionally **to establish a dual parliamentary system here,** it will be possible for these two scientific centers to be subordinate separately to the respective chambers of Parliament.

Interparliamentary relations should be improved, in the first place, with the parliaments of the CIS-member states and also with the parliaments of Europe and the United States, the Black Sea basin states, and the world.

The Georgian Parliament fulfills a constitutional role in the elaboration of the republic's domestic and foreign policy and in the construction of a rule-of-law state and a civic society and functions as the supreme law-making and representative and control body.

As we said, 1995 is the year of new parliamentary elections. These elections signify the implementation of major constitutional and parliamentary reforms.

Political forces, different types of movements, and political organizations and associations are actively preparing for the elections.

Our immediate task, as has already been said, is to prepare an electoral law and rules that correspond to the interests of the current stage of the country's development. Following the completion of work on the draft constitution, we have to set about this business as a matter of urgency.

V. The Role of Executive Power—the Cabinet of Ministers—in Overcoming the Crisis and Implementing Reforms

In accordance with an edict of the head of state, the central executive power—the Cabinet of Ministers—has devised a macroeconomic program for overcoming the crisis, a program of national salvation, reforms, stabilization, and systemic changes. Much has been done to implement it, but, it has to be said frankly that, unfortunately, the activities of the Cabinet of Ministers, ministries and departments, and local and municipal power, as well as those of Parliament aimed at implementing this program, have been unsatisfactory up to now.

The activities of the Cabinet of Ministers and Parliament in this sphere, and not only in this sphere, need to be better coordinated.

The plan for preparing the laws and legislative acts that are necessary to implement the anticrisis program is not being fulfilled in spite of the head of state's edict and the corresponding Cabinet of Ministers' resolution. As a result, reforms are being hindered and the appropriate legislative base is not being formed in time.

To this day, Parliament has not examined or passed the following bills submitted by the Cabinet of Ministers and the Ministry of Justice during the first quarter of 1994: "On Promissory Notes," "On Checks," "On the Chamber of Commerce"; the bill "On the Body of Notaries" submitted in the third quarter; the bill "On the State Service" submitted in the fourth quarter. This is one thing. The other thing is that the Cabinet of Ministers and the Ministry of Justice themselves are obligated to Parliament: The Government Commission and the ministry have not submitted the bill "On the Georgian Civil Code" and the Ministry of Justice has been unable to prepare on time the draft edict "On the State Register," and so forth.

At the same time, it should be pointed out that the Law "On Entrepreneurs," "On Leasing," and so forth are signs of fruitful cooperation between Parliament and the Cabinet of Ministers, in particular the Ministry of Justice.

The Ministry of Economics has submitted to Parliament the following bills: "On Mortgage," "On the Protection of Consumers," "On Investment Activities," "On Concessions," "On the Delimitation of Powers Regarding the Administration of State Property." However, Parliament has not examined them yet.

At the same time, the Ministry of Economics has been unable to submit to Parliament on time the bills "On Bankruptcy," "On the Free Economic Zone," and "On Monopolistic Activities and Competition."

The Ministry of Finances has not worked out on time the bills "On a Transit Tax," "On Auditing Activities," "On the Stock Exchange and Stock Exchange Activities," "On Currency Regulation and Currency Control," "On Credits," and "On State Subsidies"; it has not submitted on time changes and additions to the law "On Financial and Credit Regulation." The Ministry of Finances has submitted the Law "On the Circulation of Securities and Stock Exchanges" but this has not yet been passed by Parliament.

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A government resolution instead of a law "On the State Stock Exchange" has been adopted.

The Ministry of Agriculture and the Food Industry, specifically the Department for Land Resources and Cadastre, has prepared a bill "On the Cost of Land Use," but Parliament has been unable to examine it on time. Instead of this law, a head of state edict was issued. Parliament delayed its examination. However, no more time could be wasted, as reforms would be hindered and therefore the edict was promptly issued.

The Ministry for the Protection of the Environment has submitted to Parliament a bill "On a Tax for Polluting the Environment." Parliament has not passed this law. In return, the ministry has not yet submitted to Parliament a bill "On a Tax for the Use of Natural Resources," whereas the deadline for this was the first quarter of 1994.

The Ministry of Labor and Social Protection submitted the bill "On Working Time" the year before last and that "On Pension Provision" last year, but they have not yet been passed by Parliament.

The Department of Geology and Geodesy submitted the bill "On Mineral Wealth" over a year ago but it has not been passed to this day.

The Department of Standardization, Metrology, and Certification. has devised a draft edict "On quality," but it has not been passed to this day. An edict instead of a law "On Standardization and Certification" has been passed.

The Taxation Inspectorate has delayed devising and submitting to Parliament the bills "On a Tax on the State Registration of Enterprises and the Registration of Entrepreneurial Activities," "On a Customs Tax," and "On a Tax on Operations in Securities."

Parliament should speed up the passing of the bill "On Intellectual Property" submitted by "Sakpatenti" [Georgian Patents Department] and that "On Insurance" submitted by the State Insurance Concern.

Parliament has not yet passed the changes and additions to the Law "On the National Bank" submitted by **the National Bank** while the National Bank itself has not presented changes and additions to the Law "On Banks and Banking Activities."

The Supreme Court of Arbitration has not presented on time to Parliament a bill "On Courts of Mediation" and a draft statute "On Examination of Economic Disputes."

It is possible to give many other examples. However, I think enough has been said. Furthermore, I will be delivering a separate report on lawmaking activities.

All this shows that we do not have the appropriate order in the sphere of the creation of a state mechanism and a legal base for the implementation of reforms.

Such a situation is, in the main, the result of poor coordination between the activities of Parliament and the Cabinet of Ministers and ministries and departments. Today, we are talking a lot about laws and bills, but this should be understandable as, without these laws, we can build neither a rule-of-law state nor a civic society and market economy.

A new law on the Cabinet of Ministers has been passed; the Cabinet of Ministers has been repeatedly reorganized but, nevertheless, we do not think that we have managed to form such a structure that could have implemented the anticrisis measures and reform program with maximum efficiency.

On structural changes.

Parliament, the head of state, the opposition, and the people frequently reproach the Cabinet of Ministers, and not without grounds, since the government's resolutions are unable to be implemented in a timely manner, which on the one hand, is hindering reforms and, on the other hand, is making the crisis more acute and creating the fear of a social explosion. Unfortunately, this shortcoming characterizes not only the Cabinet of Ministers, ministries, committees, departments, inspections, and corporations but also Parliament, city administrations, local administrative heads, and other bodies and structures of regional and local municipal administration. It is essential that we overcome this by using modern scientifically substantiated methods of management and world experience.

The personnel in the Cabinet of Ministers and ministries and departments are frequently being accused of displaying a low level of professionalism, of incompetence, of not having the appropriate business, moral, or political qualities, of lacking a market mentality, of legal nihilism, corruption, ties with mafia structures, and so forth.

Almost the same accusations are being leveled against a number of members of Parliament, local administrative bodies and their personnel, and so forth.

This, of course, concerns only a certain number among the personnel. We should release these from their posts, but the basic nucleus, taking into account their businesslike, intellectual, moral, and human qualities and professionalism, can work in new conditions and create favorable conditions to prepare a new generation of leaders and toughen them up in practice.

The main thing is to increase demands in work with personnel, strengthen executive discipline, and ensure the establishment of order in the sphere of their activities.

At the same time, it would be good for us to be aware that democracy does not mean forgiving everything and spineless liberalism; democracy means the dictatorship of law and the supremacy of the law.

There exist three projects, three possible variants for resolving the problem of the Cabinet of Ministers and ministries and departments and for improving and reorganizing them.

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First: Leave the Cabinet of Ministers and the departments unchanged, but radically improve the effectiveness of their activities, specifically reform-oriented activities on the basis of the existing structures. **Second:** Introduce partial, rational, and optimum changes to organizational structures and personnel in the Cabinet of Ministers and ministries and departments. **Third:** Radically and fundamentally change the structure of the Cabinet of Ministers and ministries and departments and their personnel. This will result in organizational chaos at a time when the crisis has already made reforms a matter of urgency.

Therefore, I give preference to the second compromise variant.

I propose that Parliament makes partial but significant changes to the structure and personnel of the Cabinet of Ministers and departments. Specifically: **First:** The staff of the Cabinet of Ministers and ministries and departments be reduced by a third and wages be increased in stages. **Second:** There be a rational, logical, and substantiated reduction (by 30-35 percent) in the number of ministries and departments. **Third:** The number of vice-premiers be determined according to the tasks facing the Cabinet of Ministers and there be a qualitative transformation and improvement in their work. **Fourth:** There be a qualitative restructuring of the apparatus of the Cabinet of Ministers into an institution made up of basically Western-type advisers and these advisers be invited to the Cabinet of Ministers and ministries and departments on a contract basis from foreign countries, international organizations, and so forth.

It is necessary radically to improve the activities of the apparatus of the Cabinet of Ministers. Innovations in its work are being felt but this is not enough. Time demands an improvement in the structure and functions and forms, methods, and style of work of the Cabinet of Ministers and the renewal of its personnel. However, I repeat that this concerns individual structures in the Cabinet of Ministers and the entire cabinet. In my view, this is not the time for destructive action. I believe the structure of the Cabinet of Ministers and its leading personnel should be changed gradually. Only a new parliament can create a new type of Cabinet of Ministers.

It is possible we will give preference to that course aimed at improving the structure of the Cabinet of Ministers and its personnel, which is, to all intents and purposes, already being implemented. Decisions on these questions should be made in parallel to our corresponding state of readiness.

VI. The Head of State

I want to speak to you frankly about one issue.

Today, the chairman of Parliament is, at the same time, the head of state. This is a specific historical feature of the transitional and emergency stage in the construction of a Georgian democratic state and is a temporary phenomenon.

The people, Parliament, and political forces know that the position of head of state was established in accordance with the constitutional and organic law on power. The fact that the chairman of Parliament, who has been directly elected by the people, is, at the same time, also the head of state, as is known, came about as a result of the emergency and extreme war situation that prevailed before the last elections and the specific nature and character of the transitional stage, the crisis, the depression, ethnic conflicts, and the power vacuum.

The fact that the chairman of Parliament is also the head of state contributes to a better coordination between executive and legislative power at the current stage, the maximum concentration of the legitimate potential of power in vitally important strategic directions, overcoming the crisis, constructing a rule-of-law state, forming a market economy, macroeconomic stability, and the implementation of reforms. This has nothing in common with the formation of an autocratic regime, as certain people are trying to prove.

Such actions will result neither in the resignation of the head of state nor in the abolition of his post. **This is the first thing.**

Second. Certain people believe that it is impossible to implement reforms today without immediately transferring to parliamentary rule and, therefore, they are demanding that the functions and powers of the head of state be redistributed, in the main, between Parliament and the Cabinet of Ministers. They cannot prove in any way that this is necessary. This is being stated at the level of a declaration. This is an attempt to bring about further chaos and disorganization or is a mistake and a misunderstanding.

Third: The daily activities and powers of the head of state are regulated by constitutional law and the republic's legislation, and by Parliament and the people and, as such, they are wholly democratic and legitimate.

Fourth: It is also a fact that the extreme emergency situation and the specific nature of the transitional period often force the head of state to demand more powers and rights from Parliament to issue edicts, decrees, and other acts so as to fill the legal vacuum promptly and actively and to fulfill legislative and executive functions. Unfortunately, this is often incorrectly interpreted as a destructive operation.

Understand me as a human being. I am not speaking of personal interests and ambitions. I am doing all this at the cost of the greatest nervous and psychological strain and with the interests of the matter and the people at heart and by upholding the principles of complete legality, legitimacy, and democracy. It is time we realized once and for all this simple truth. Moreover, this situation, as I have said, is a temporary phenomenon.

Fifth: The new constitution will delimit the functions of the president, Parliament, and the Cabinet of Ministers

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The situation will change following the elections in 1995. **The new draft constitution provides for the introduction of the post of president of the republic and the abolition of the post of chairman of Parliament.**

At this transitional stage, it is better if the chairman of Parliament—whether it be I or someone else—also fulfills the functions of head of state at the same time. Such a practice will enable us to react flexibly, dynamically, promptly, and, therefore, more effectively to events. This, however, is not a shortcoming but a specific feature of the transitional period of our democratic system.

The rights entrusted to the head of state have been used to combat those instigating a new civil war and to restore stability in the country and to issue a number of emergency economic decrees, which has played a decisive role in the start and development of widescale economic reforms, in the measures connected with extending the rights of local administrative bodies, and in the resolution of a number of personnel problems.

At the same time, I cannot fail to mention my feeling of permanent dissatisfaction with my work and its results. This concerns the fulfillment of my duties both as chairman of Parliament and head of state. The one thing that consoles me is that, in spite of the enormous difficulties and problems facing everyone, the country is nevertheless moving along the path of stability, economic revival, and state construction.

VII. Questions of Strengthening the Country's Defense Capability

One of the main concerns facing Parliament, the Cabinet of Ministers, and me personally as head of state is the creation of Georgia's military potential, raising the country's defense capability, and the formation of national armed forces.

Naturally, the commander in chief assumes particular responsibility.

The Georgia state has its own military doctrine and defense concept today.

The Ministry of Defense, which is headed by the experienced General Vardiko Nadibaidze, is strengthening its combat readiness from day to day. The organizational development of the Armed Forces has begun in reality. The first significant results can be seen.

On the one hand, the Georgian Army and Navy are improving their activities on the basis of the experience of Western democratic states while, on the other hand, Georgia has established close, fruitful, and effective cooperation with Russia and the CIS Armed Forces on the basis of equal partnership.

At the same time, we attach particular importance to cooperation and friendship with the armed forces of our neighboring countries, namely Turkey, Iran, Armenia, Azerbaijan, and Black Sea basin countries. The Ministry of Defense did not participate directly in disarming Kitovani's [former defense minister] armed formations [during their march to liberate Abkhazia on 13 January], which was done efficiently and without bloodshed, in the main, by the State Security Service, the Ministry of Internal Affairs troops, the police, the Procurator's Office, other law enforcement agencies, and the newly trained special-purpose detachments, but the country's Armed Forces were ready to act within the bounds of the Constitution to establish complete order in the event of intervention by external forces.

I would like to add here that the halting of Kitovani's latest adventure, whose consequences could have been destructive for a newly established state, is an important event in the establishment of order in the country and putting an end to the unbridled actions of mafia and corrupt forces.

These events show us, first, that there has been an improvement in the coordinated actions of the power ministries and, second, that the democratic Georgian state has already been reliably formed and its Armed Forces and law enforcement agencies are able, through joint action, to protect democracy, freedom, the legitimate authorities, and the constitutional order from any armed internal and external bands, robbers, separatists, and adventurists.

The time when internal and external armed bands could act arbitrarily and with impunity in Georgia has come to an end. The period of law and order is beginning.

We do not want war, but we should always be ready for war as, from the geopolitical point of view, we live in the extremely unstable, dangerous, and explosive Caucasus region.

This factor conditioned the recent changes in the Cabinet of Ministers, specifically the creation of special structures in the branch that supplies the army and navy with material and technical equipment and provisions.

The National Army and navy and the power structures should feel the daily concern of Parliament, the Cabinet of Ministers, and the head of state-supreme commander in chief, and local and municipal bodies.

More attention needs to be given to army, navy, and air force personnel—ordinary combat soldiers, officers, generals, and all subunits and structures; conscripts' military service in the army and navy and the work of the commissariats need to be better organized. The new Georgian Armed Forces are acquiring increasingly new combat and moral qualities. We should cooperate with all friendly countries in this matter for the sake of posterity. At the same time, let us all take one thing into account: The creation of a full-fledged army at this stage is only possible with the support of the Russian state.

Modern military personnel need to be trained abroad, in national military academies in the United States, Europe, and the CIS states.

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Georgia should give a worthy place in the new constitution to democratic Georgia's National Army, Navy, and Air Force and Border Troops and we should improve still further military doctrine, taking into account the experience of the world's advanced democratic and civilized countries.

VIII. The Problem of the Peaceful Settlement of the Ethnic and Political Conflicts in Abkhazia and Shida Kartli [Georgian name for South Ossetia region]. The Protection of Georgia's Territorial Integrity and the Restoration of the Jurisdiction of the Georgian State on Temporarily Occupied Territory.

The Georgian Parliament, the Cabinet of Ministers, and the head of state are implementing a national and international program of consensus, whose aim is the peaceful settlement of the ethnic and political conflicts in Abkhazia and Shida Kartli, the restoration of Georgia's territorial integrity, the reunification of temporarily occupied territories, the healing of wounds inflicted upon the Georgian people as a result of genocide and ethnic cleansing, the worthy and safe return home of refugees and forcibly displaced people, and the restoration of the traditional and historical friendship between Georgians and Abkhazians, Ossetians, and peoples living in Georgia.

As is known, Abkhazian separatists and their foreign supporters have expelled and severed from their native homes the majority of the population of Abkhazia. The entire population amounted to 550,000. Today, more than 350,000-400,000 people have been made refugees.

The genocide of the Georgian people and the self-genocide of the Abkhazian people is continuing to be carried out.

A most serious situation has taken shape in Shida Kartli, in the Tskhinvali region. It is now improving, but thousands of people have been killed and maimed and towns and villages have been burned to the ground, destroyed, and plundered.

Citizens' universally recognized rights and interests and elementary demands of civilization and human ideals are being trampled upon in the conflict zones.

In order to settle the Abkhazian conflict peacefully, the constructive position taken by the Georgian authorities at the negotiations held in New York, Geneva, Moscow, and Sochi with the participation of the UN and Russia has considerably strengthened the image of a peace-loving state, one devoted to the principles of democracy.

In this context, we should mention the support of the international community toward Georgia in the concluding document adopted at the Budapest EU summit. The clause in the EU document on the ethnic cleansing carried out by the Abkhazian separatists has importance for the stage-by-stage settlement of the conflicts in Abkhazia and Samachablo [South Ossetia] and the restoration of territorial integrity.

As is known, the UN and the Security Council have adopted 10 documents on the settlement of the ethnic conflicts in Georgia, but almost all of them have remained on paper. Events have shown us that, in order to resolve the problems in Abkhazia and Shida Kartli, it is necessary for Georgia to have a strategic alliance with the Russian Federation and the CIS-member states and to restore and strengthen businesslike and friendly relations with them.

We view it as necessary to restore and develop with particular responsibility and foresight the traditional centuries-old relations between the peoples of Georgia and the north Caucasus on the basis of neighborliness and legality.

A particular place should be given in the new draft constitution to questions concerning the creation of a corresponding legal base for the settlement of the problems in Abkhazia and Shida Kartli.

All structures of power should display greater initiative in order to resolve these questions.

Greater concern needs to be shown toward the national minorities living in Georgia: Abkhazians, Ossetians, Russians, Ukrainians, Armenians, Azeris, Jews, Greeks, Kurds, Syrians, and people of all nationalities and faiths and their culture. This is the task of Parliament, the Cabinet of Ministers, the head of state, and the local and municipal authorities. The most important thing here is not declarations and appeals but a real concern for citizens of other nationalities and the introduction of corresponding amendments to personnel policy. The latter is particularly important.

The new constitution should legally determine the rights and status of national minorities at the level of the achievements of contemporary world constitutionalism. Georgia should show a high level of culture regarding relations between nationalities.

IX. The Dictatorship of Democratic Law. The Achievement of a Normal Criminal Situation. Law and Order and Discipline in a Rule-of-Law State.

In conditions of ethnic conflicts, a state of war, internal disorder, and a serious economic crisis, crime has reached an unprecedented scale. An almost uncontrollable situation has taken shape in the country and its statehood is clearly endangered. It has become necessary to take emergency measures, particularly within the limits of those rights conferred upon the head of state.

Following the end of the state of war in western Georgia, the movement toward order and stability has begun. We are very far away from what is desirable, but the first steps can be felt and they are bringing results.

A special comprehensive edict has been issued by the head of state. A whole number of measures have been outlined and implemented, whose aim is to restore law

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and order in the country and engage in an uncompromising and irreconcilable struggle against crime.

During 1994, compared with the previous year, there was a drop in overall crime by 16 percent, serious crime by 23 percent, and all other types of crime.

In 1994, more than 1,200 criminal gangs and up to 3,500 criminals were arrested and more than 700 serious crimes were solved that had been committed in previous years.

More than 2,000 firearms were confiscated from the population, including submachine guns, pistols, rifles, machine guns, rocket launchers, grenades, explosive devices, heavy equipment, and a lot of other weaponry.

More than 1,000 criminal cases were instigated for the illegal possession, sale, and use of narcotics.

A bill on changes and additions to the Criminal Code has been prepared by the Ministry of Internal Affairs National Bureau for Combating Drug Addiction and the Drugs Business and the Department of Investigation. Parliament should examine this question in good time.

The internal troops (under the command of G. Toradze) are protecting oil-drilling installations and oil pipelines. As a result of the measures that have been carried out, up to 260 so-called oil-refining facilities have been destroyed in the Sagarejo and Gardabani rayons. Theft of oil on a large scale has been halted and daily oil production has increased several-fold.

In 1994, more than 900 crimes were exposed in the economic sphere. More than $234,000 and 50 million rubles, up to 28 trillion coupons, and so forth were confiscated from criminals.

A large amount of the credits issued by the National Bank were not put to expedient use; they were converted and misappropriated and, after a certain period of time, these sums were covered at the expense of inflation (to all intents and purposes, by sums that were smaller by a factor of 50-100). At the same time, a large part of these credits, which were taken abroad, have not been returned to the republic. The republic's Procurator's Office and other law enforcement agencies should provide Parliament and the population with exhaustive information concerning these particularly dangerous economic crimes.

The non-declaration of income and profits, both in the state and the private sector, have acquired massive proportions in Georgia, as a result of which large sums of money are not going into the state budget.

Parliament and the Cabinet of Ministers should pay the appropriate attention to these dangerous trends.

In the process of war and internal disorder, crime has acquired a professional and organized character and has distinguished itself by its cruelty. Violence has become a profitable business. Victims are being selected in advance: wealthy people, bankers, tradesmen, big property owners, and the heads of rival commercial structures. Violent crimes in society have acquired increasingly dangerous forms: explosions, terrorist acts, and so forth. "Commercial contract" killings have been taking place. The struggle against "these trends" and events that present a danger to people and society has begun, but no turning point has yet been reached.

More than 5,000 (34 percent) of all the crimes registered last year have remained unsolved. The antistate practice of cover-up has not been eradicated from the number of crimes. The following cities have been particularly affected in this respect: Tbilisi, Rustavi, Khashuri, Gardabani, among other towns and rayons.

In connection with the transfer to a market economy, the following actions have surfaced, which are not regulated by criminal legislation: banking and financial violations, broker machinations, the "siphoning" of capital, false entrepreneurship and false bankruptcy, the imprudent use of credits, non-declaration of hard currency income, the blocking of production in the interests of big business, the "siphoning" of resources and other funds to shadowy structures and abroad, economic contraband, the legalization of capital acquired by criminal means, the misappropriation of funds received through agreements, and so forth. Criminal actions aimed at acquiring wealth illegally often take the form of entrepreneurial initiative and commercial risk-taking.

The criminal activities of the mafia have spread beyond Georgia's borders and it is already being noted in certain foreign countries.

An investigation is under way into crimes committed by supporters of the former president [Gamsakhurdia], genocide perpetrated by separatists against Georgians in Abkhazia, the reasons for the defeat of Georgia's Armed Forces in Abkhazia, the well known terrorist acts committed in Tbilisi, and so forth. The murder of Gia Chanturia [former National-Democratic Party chairman] is an attempt by Georgia's enemies to turn Georgia back from the path of development. They will not succeed in this.

In spite of the measures that have been taken, the punitive practice of the judicial bodies cannot match the acute criminal situation.

Many new types of crimes have appeared, whose eradication and punishment are not provided for in legislation.

The strengthening of the law in the sphere of foreign economic relations and in the financial and credit system remains a particularly important problem.

Strategically earmarked resources are flowing out of the country without the corresponding compensation, which is contributing to inflationary processes, the impoverishment of the majority of the population, and a criminal situation that is worrying in the extreme.

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The weakening of state discipline at all levels, the irresponsibility shown by the administrative apparatus and their disregard of the law, the links of state officials and individual representatives of legislative structures to illegal business, and so forth are seriously hindering the strengthening of law and order in the country.

Emergency measures are continuing to be taken to establish order. This movement is acquiring an irreversible character as the establishment of order is an indisputable condition for getting the country out of the economic and social crisis.

X. Judicial Power

In this extremely complex situation, it is necessary to strengthen judicial power.

Judicial power, as the third branch of power, is in the process of formation and improvement. In order that judicial power can function normally, it is necessary:

First. To have the appropriate constitutional norms, principles, and rules. True, we do not have a new constitution yet, but the 1921 Georgian Constitution has been declared as restored and the constitutional law "On State Power" is in force, which is strengthening the independent power of the judiciary.

In addition, the new version of the Constitution takes into account such guarantees of judicial independence that correspond to international standards.

Second. Neither the existing constitutional law "On State Power" nor the future constitution will be able to function normally unless the corresponding laws that clarify, specify, and develop constitutional rules have been devised.

This concerns the vital interests of both the entire state system and [state] power.

On 26 December 1993, the head of state issued the Directive (No. 216) on the Creation of the State Commission for Legislative Reform, one of whose basic functions is to form a qualitatively new and democratic system of judicial bodies and justice. This work is now at a decisive stage.

Third. In order to improve the activities of the courts and dispense justice in a better way, the head of state issued Edict No. 227 of 12 July 1994 "On Urgent Measures To Combat Crime"; Directive No. 147 of 27 July 1994 "On Halting Facts of Illegal Interference in the Activities of Law Enforcement Agencies and the Courts"; Edict No. 288 of 15 December 1994 "On Measures To Improve the Working Conditions of the Georgian Supreme Court." These documents need to be implemented in an effective manner.

Fourth. In order to dispense justice in a civilized manner, the guiding resolutions on individual categories of criminal or civic cases adopted by the Supreme Court itself have great importance.

The historic process of creating Georgian national legislation is under way.

In 1994, along with final versions of bills, the Supreme Court devised and submitted to Parliament in accordance with legislative initiative 17 corrections to the Criminal Code and the Code of Criminal Procedure. These need to be examined carefully by Parliament.

The main task today is to establish relations between the three branches of power—Parliament, the Cabinet of Ministers, and the Supreme Court—at the level of the experience of the world's democratic countries. The new constitution and, on its basis, reform of the system of judicial power will serve as the guarantor for this.

XI. Reform of Local, Regional, and Municipal Bodies of Administration

It is essential not only to delimit the powers of central and local authorities but also coordinate their actions for the good of the people, democracy, and the state.

The system of local bodies of administration in the Republic of Georgia is in need of radical restructuring. The implementation of reform means transferring from a central system of administration to self-administration. With this aim, a program for the reform of local bodies of state administration has been devised, which provides for three stages in the implementation of reform:

The first stage represents a transitional period in the transfer from a centralized system to self-administration. The second stage signifies the consolidation of self-administration and the third is the implementation of reform in the matter of state territorial organization.

The necessity of a transitional period was conditioned by the vacuum that was formed following the dissolution of the previously existing administrative structures—the prefects. It had been necessary to create as a matter of urgency local bodies of administration that would carry out the management of the corresponding administrative and territorial units.

The institution of city administration was introduced in cities under republican jurisdiction—Tbilisi, Rustavi, Kutaisi, and Poti—and the corresponding rules governing local bodies of administration were established for individual towns and also republican villages and settlements and towns and rayons under local jurisdiction. The partial transformation of the composition of assemblies [sakrebulota] was carried out. Unfortunately, it was impossible to put the assemblies into operation in many rayons.

The second stage of reform signifies the introduction of self- administration or the transfer to such a system of administration that the people themselves elect the bodies that are accountable to them. The reform program takes into account that the bodies of self-administration (both representative and executive) should be, within certain

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limits of the law, completely independent and have the right to resolve themselves all questions that fall within their jurisdiction. The election and independence of the self- administrative bodies is one of the most important preconditions for removing the conflict of interests between the local population and the state in general. The creation of a mechanism for protecting the state's vital interests via kray administrations represents the second essential condition for resolving this problem.

Unfortunately, the transfer to reform at this stage has been hindered by the fact that the Law on Self-Administration has not been passed by Parliament. The failure to pass the law has impeded the progress of reform. Without self-administration it is impossible to bring into force fully the institution of kray administration and, furthermore, resolve the question of the delimitation of state and municipal ownership.

As regards the introduction of the institution of kray administration, certain steps have been taken in this respect. The rules governing state plenipotentiaries have been devised and are in force in a whole number of krays. The administration of the state plenipotentiary has been created and is functioning in all regions in accordance with these rules; his main task is to protect general state interests. I would also like to add that this form of administration is, to a certain extent, proceeding as an experiment.

The third stage of reform envisages the creation of improved kray bodies of self-administration and the resolution of the question concerning rayon and city administrations. All these problems are most complex; many things, as I have pointed out, are being done in the form of an experiment. However, taking a final decision will inevitably necessitate discussions and consultations on a wide scale with different groups of citizens and scientists.

The reforms being implemented in the sphere of administration are, in the main, reflected in the Republic of Georgia's draft constitution.

XII. On the Progress of the Implementation of Economic Reforms and the Anticrisis Program

There has been a deep economic crisis in Georgia for six years now. The country's GNP in 1993 amounted to less than a quarter of 1988's, while, last year, it amounted to, at best, 70 percent of the level for the previous year. According to the most optimistic assessments, the 1994 GNP, calculated per head of population, amounts to approximately $400 compared with $2,200 in 1990. According to the parameter used as standard in the UN—the human development index (integrating average life expectancy, level of education, and GNP), Georgia occupied 49th place in the world in 1990 and 72nd according to GNP calculated per head of population. According to a preliminary assessment, the corresponding indices for 1993 put Georgia in 88th and 126th place respectively. All this has been brought upon us by the destruction that has occurred on a massive scale in Georgia over the last few years.

A similarly significant deterioration in the socioeconomic situation has been caused, first and foremost, by a rapid decline in production owing, in the first place, to the crisis affecting the energy and raw material sectors and the sudden severing of production ties following the collapse of the Soviet Union and also to the hostilities imposed upon Georgia in Abkhazia and Shida Kartli, the civil war, the objective or subjective difficulties in putting the centrally managed economy onto a market track, and a number of other factors.

It is clear that the country has been seeking a way of emerging from the situation that has taken shape. Such a search resulted in the anticrisis program and the basic parameters for economic and social development in 1994-95, which were ratified by Head of State Edict No. 34 of 7 February 1994. These documents marked the beginning of the consistent implementation of radical measures of economic reform.

The situation today can be characterized very generally and briefly as follows: On the basis of information prepared and assessed by the republic's ministries and departments, we can conclude that, **in spite of the most severe economic crisis, the first signs of and preconditions for a certain improvement in the situation and the beginning of macroeconomic stability appeared in a number of spheres in 1994. One indication of this is that, throughout last year, there was a generally slowing and gradual deceleration in the drop in output.** Specifically, if, in the first quarter of 1994, **total GDP** amounted to only 39 percent of the figure for the same period the previous year, it totalled 53.5 percent according to the results over nine months. The volume of GDP in the republic in 1994 amounted to more than two-thirds of the level in 1993. **National income** equalled almost 70 percent. This is inadequate but signifies a certain improvement in the situation.

According to preliminary calculations and forecasts from the Ministry of Economics, better prospects are emerging for 1995. An increase in GDP by 15-19 percent and national income by 12-15 percent will be secured. According to my assessment, this is the minimum variant regarding our potential.

An increase in national production has been achieved in accordance with the anticrisis program in the Republic of Georgia and against the background of that trend toward an improvement in the financial system as outlined in accordance with Georgian Head of State Edict No. 281 of 29 August 1994 **"On Speeding Up Urgent Measures for the Social Protection of the Population and Radical Reform of Price Formation and the Financial System."**

First and foremost, the tax on electricity and natural gas will be regulated and, on this basis, communal and transport tariffs as well. In this way, the corresponding branches will be guaranteed to function normally and

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competitively without receiving subsidies from the state budget and, at the same time, an economical consumption of energy resources will be enhanced.

In parallel to this, the stage-by-stage regulation of the sale prices of bread has begun, taking into account their liberalization in the near future at the level of world market prices, in conditions of a corresponding increase in wages.

The compensation sums for the difference in the prices of energy and bread amounted to half the republican budget deficit prior to the regulation of prices. Now, we are talking about there being no budget deficit.

The trend toward a halt in the drop in GNP and GDP and the measures aimed at regulating prices have created a certain basis for an improvement in budget policy, which has been outlined in the anticrisis program. Specifically, the budget for the fourth quarter of 1994, which, from the economic point of view, was formed in extreme conditions, has taken into account for the first time during the last few years completely balancing revenue and expenditure and this when the budget deficit for [the first] nine months exceeded 50 percent. However, it will be practically impossible to balance it completely.

In spite of this, **the main thing is the trend toward the formation of the budget, taking into account real economic processes.** In particular, this principle has been implemented in the Republic of Georgia's 1995 republican budget, which was ratified by Parliament in 1995 in conditions that are extremely complex for forecasting the economic parameters for the year. We realize that the budget that has been adopted is imposing a heavy burden upon people, but, at this stage, it has been impossible to form a better budget. Therefore, it should be viewed, in the main, as satisfactory. In particular, balancing revenue and expenditure, expanding the basis for taxation (the introduction of a land tax, and so forth), and also regulating relations with local budgets on a legislative basis, and so forth should be viewed as positive aspects.

In such conditions, the republican budget's revenue and expenditure have been fixed at 243.8 trillion coupons. Its own revenue is at the level of 112.5 trillion coupons or 46 percent of the revenue part, as opposed to 40 percent last year.

At the same time, as a result of the country's serious economic situation and in conditions of the lack of financial resources, the aid, grants, and state credits allocated by international financial and economic organizations and foreign governments have become the budget's serious source of revenue. In the 1995 budget, this sum amounts to 131.3 trillion coupons or 53.9 percent of its entire revenue.

The formation of income in this way has been conditioned by budget applications submitted by the republic's ministries, departments, institutions, and organizations and by a sharp restriction in requests for budgetary allocations for the implementation of a whole number of measures and the rejection of many of these as the credits given by foreign organizations and governments can only be used to finance measures aimed at the social protection of the population. The following forms of expenditure have been strictly limited in the budget: maintaining defense, the law enforcement agencies, bodies of state power and administration, and servicing the state debt. In particular, expenditure on defense has been restricted. Expenditure on maintaining the law enforcement agencies and bodies of state power and administration has been reduced to 13.6 and 4.8 percent respectively. At the same time, expenditure on bodies of state power and administration has been determined taking into account a 30-percent reduction in the number of their apparatuses, and so forth.

In line with recommendations from the IMF, there is provision in the ratified budget for appropriations—50.2 trillion coupons—necessary to finance **additional measures for the social protection of the population.** In accordance with these measures, there will be an increase in the minimum wage, the rates of pay and perquisites for workers in the budget sphere, and pensions and benefits as of 1 January and 1 July 1995. However, to be perfectly frank, it has not been possible to satisfy even those minimum demands in the budget as far as its financing is concerned so that the country can function normally in socioeconomic terms. First of all, the wages of workers in budgetary organizations and also pensions and other social benefits continue to remain extremely restricted, not to mention the development of the outdated and impoverished material and technical base of these [budgetary] institutions. The budget is unable to solve the problems of the social strata that remain below the poverty line and refugees. Our economy is unable to provide the means to do this.

An improvement in the balance of the budget should be achieved, on the one hand, by increasing output and, on the other, by a more complete collection of tax revenue. From this point of view, reserves undoubtedly exist and their activation should be viewed as one of the main tasks regarding the continuation of reforms this year. In particular, the main effect of the loans that have been allocated by and are expected from the IMF, the World Bank, and EU and other international aid should be general financial stability, an easing of the acute shortage of resources and power, the revival of production, and the development of business. In its turn, this will produce additional sources of taxation.

It is clear that an important basis for the formation of these sources are the corresponding changes that are taking place in individual sectors of the economy. This can be seen most vividly in the example of **industrial production.** The very modest but nevertheless positive results that have been achieved in this sector clearly do not give us grounds for being complacent. It is particularly alarming that, last year, in a number of industrial sectors, there was a continuation in the trend toward a

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worsening of the situation that had begun in 1988-89. At the same time, the rate of decline has often surpassed the corresponding figures established for 1993.

In spite of this, the current processes in industry, particularly the revival that has started in enterprises in Tbilisi and Kutaisi, which is the result of the active help given by the local administrative bodies and the Tbilisi and Kutaisi city administrations, the restoration of direct ties, the solution of problems concerning power and raw materials with the use of our own forces, and the transformation of enterprises into joint-stock companies and the acceleration of privatization gives us certain grounds to believe that the still existing production potential can be utilized more effectively in 1995.

From the point of view of the stabilization of the general situation and the economy, there are many things worthy of attention in Ajaria.

According to calculations and assessments made by the Ministry of Economy, in conditions of the implementation of reform, financial stability, and a slowing down in inflation, it is supposed that industrial output will increase by a factor of 1.5.

At the moment, **more hopeful trends are emerging in the agrarian sector of the economy** where, in spite of the extremely limited material resources and the fairly droughty conditions, last year, according to figures that still have to be finally confirmed, compared with the previous year, there was an increase in grape production of 6 percent, citrus fruit by a factor of 2.2, fruit by a factor of 2.7, sunflower seeds by 33 percent, sugar beet by 57 percent, potatoes by 8 percent, and so forth.

According to final calculations, total output has not only not fallen but seems to have risen by 3-4 percent. However, unfortunately, there has been a drop in the production of cereals and livestock products, while tea harvesting and storage has dropped to its lowest level since the war, at 60,000 metric tons.

According to forecasts made by the Ministry of Economics, in 1995, compared with last year, agricultural output is expected to increase by 6-7 percent; it is possible that grain production will increase by a factor of 1.3, sunflower seeds by a factor of almost two, sugar beet by a factor of 1.8, grapes by a factor of 1.6, tea by a factor of 2.5, and so forth.

A far more complex situation has taken shape in enterprises in the processing industry. Many enterprises involved in the primary processing of tea, tinned goods, and wine have not been working to full capacity, not to mention those producing meat and milk. The sale of finished goods, including tea and wine, has become complex. However, in the event that power, transport, and credit problems are more or less resolved, according to calculations made by the Ministry of Economy, output in the food industry is expected to increase by a factor of 1.8 in 1995. There is a better chance of accomplishing this task if there is an acceleration in the privatization of processing plants and their transformation into joint-stock companies with the extensive participation of raw- material manufacturers.

The results of the activities of the **transport complex** and its prospects are not clearly defined. In 1994, compared with the previous year, **passenger transport** had better results. At the same time, as a result of a decline in output and freight traffic and the halting of **rail communications** with the Russian Federation, in 1994, compared with the previous year, the amount of freight transported by rail dropped by 48 percent, by air by 34 percent, by sea by 33 percent, and by road by a factor of 1.9.

At the same time, there has been a gradual deterioration in transport's material and technical base, particularly regarding the railroads, and the state of highways, which could become a factor hindering an upswing in the economy.

It is necessary to refine and examine the existing structure of transport management in the country, taking into account current economic reforms. In order to devise local and international tariffs, it is expedient to create a special commercial service. Particular attention should be devoted to the organization of passenger transport, which is in need of significant improvement. In this respect, the situation is lamentable in Tbilisi, where the subway, trolleybus service, and other forms of transport are functioning badly.

The situation is particularly serious in the **construction industry.** Last year, it became possible to allocate from the republican budget only 1.6 trillion coupons for the development of the construction sector. One can feel that no active initiative is being shown by either state enterprises or the private sector. In 1994, at the expense of all sources of financing, work to the value of only 27 trillion coupons was carried out throughout the republic; not a single production installation or capacity was put into operation. The restoration of facilities damaged by the earthquake and other natural disasters and military actions has practically come to a standstill.

Unfortunately, it is not expected that there will be a significant change in the situation in this sphere this year. The funds allocated from the republican budget are again very insignificant and will barely ensure only the partial continuation of building work in the Tskhinvali region alone, maintenance of the Tbilisi subway, and continuation of the reconstruction of the Parliament building, the symbol of statehood. In such conditions, it is clear that the main financial burden should be shouldered by enterprises and organizations and also local budgets. In order to revive the republic's economy and secure its potential, it is of decisive importance that a climate for investment be created, favorable for attracting foreign capital. In order to maintain a fairly strong potential as far as construction is concerned, we should strengthen foreign construction orders, particularly as, compared with our country, the demand for a

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cheap labor force and personnel really exists in Russia, Turkmenistan, Turkey, and certain other countries.

Last year, the fact that electricity production fell by almost a third or 3 billion kwh had very serious consequences both for industry and the economy as a whole. This is explained by the fact that a number of leading units were put out of operation for lengthy periods of time at the Tbilisi State Rayon Power Station, transmission lines were not functioning, and the programs for preparing for winter as ratified by the head of state and the government were not implemented. In January 1995, an extremely serious accident occurred at the Tbilisi State Rayon Power Station. This has created an extremely critical situation regarding the implementation of this year's program. A government commission headed by Security Service Chief Igor Giorgadze has been formed. Order has to be established within Sakenergo [Georgian Energy Department] and Telasi [Tbilisi Energy Authority]. Their inflexibility is causing alarm among the masses. The same can be said about Sakgas [Georgian Gas]. The Cabinet of Ministers should take decisive measures.

Overcoming the energy crisis has become the most immediate vital task not only for halting the decline in production but also for the fate of reform as a whole.

According to forecasts and calculations made by **Sakenergo,** it should be possible to produce 7.1 billion kwh of electricity or 5-6 percent more than in 1994. It has been determined that the thermal power stations will produce 2.5 billion kwh, which exceeds last year's level by 25 percent. In spite of the very serious accident that occurred, Sakenergo should ensure that this program is implemented.

The efficient utilization of the $18 million credit allocated by the European Bank for Reconstruction and Development [EBRD] for the restoration of cooperation between Georgia's energy system and the energy systems in the CIS and the structural reorganization of Sakenergo and the transformation of its individual components into joint-stock companies will form the basis for accomplishing this and other most complex technical and economic tasks.

Work on the state program for the development of energy is nearing completion. It is being mentioned that we should also draw up and implement a stage-by-stage plan for overcoming the energy crisis, using Georgia's own resources and also taking into account the active participation of foreign investors and partners.

The serious situation that has emerged in the republic's economy is, along with other reasons, conditioned by the fact that, in spite of the number of measures that have been carried out, the present structure for managing the country's economy has still not been prepared in order to function in conditions of market relations. It still remains largely oriented toward the decentralized management of state-owned enterprises; economically unjustified specialization and disproportions, to all intents and purposes, have been preserved. Structures geared toward market relations are being formed at an inadequate pace. The privatization process and formation of joint-stock companies is being delayed here and there. Ministries are not promoting small and medium-size businesses and, as a result, it is not possible to restore economic ties that have been severed and form new economic relations. Economic complexes are not being restructured in accordance with the country's strategic economic interests. Therefore, to what extent the tasks and functions of corresponding ministries will be correctly determined, what their organizational structure and rights and duties will be, what their place will be, and how they will interact with other state structures of management, and, most important, with enterprises and organizations within the branch complexes themselves, and so forth largely depends upon the implementation of reforms and stabilization of work and the attainment of a future upswing in this sphere. As world experience shows us, this question is resolved in different ways in different countries according to which model of market economy has been chosen or traditionally formed (American, Japanese, French, German, Polish, Chinese, and so forth).

Taking into account the current situation and in order to ensure the correct development of the republic's economic complex, branch ministries should relieve themselves of economic functions and, as government structures that programmatically regulate the economy's major complex, they should fulfill functions that determine general state policy in the corresponding sphere and act as coordinators and intermediaries.

The new role of existing ministries and departments in conditions of a market economy is now being formed in practice. Ministries should themselves seek and find that niche that is vitally necessary for them to conduct business and it is essentially not important whether the owner is a private individual or the state. The main thing for ministries and departments will be not only to determine policy but also to participate actively in accomplishing operational tasks, create an absolutely favorable environment for the entrepreneur, and clear the path toward new ties and new markets in raw and other materials.

During the transfer to a market economy, those with a deep knowledge of all the nuances should work precisely in the ministries.

In spite of certain shifts that have been achieved in the sphere of material production and the consistent strengthening of the exchange rate of the coupon by the National Bank, **it has not been possible to bring about any changes in improving the population's standard of living. On the contrary,** in connection with the implementation of the forced policy of freezing wages from last year, **there has been a significant deterioration in the living conditions of the population, particularly those who are employed in budgetary organizations and are in need of**

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social protection. In particular, at present, their average monthly wage, pension, and so forth does not exceed 4 million coupons and this when, not to mention the other members of the family and other essential products and services, a single person alone needs at least three or four times more than such a wage in order to buy the rationed amount of bread and other goods (sugar, flour, and butter) and pay for natural gas, electricity, communal services, and public transport. Their situation is unbearable.

Certain segments of the population have to struggle for their physical existence.

In spite of the further strengthening of the coupon, **the minimum subsistence level has again gone up** in recent months as a result of the restriction of the coupon's sphere of circulation to state trading and services and the devaluation of the ruble and the increased cost of goods.

One person needs 31 million coupons a month to exist. His salary (including compensations and supplements) does not even cover 20 percent of this amount.

In 1994, along with the drop in the population's purchasing power, the consumer market became even more impoverished in the republic and, compared with 1993, the volume of goods turnover decreased by a factor of 2.5, including by a factor of more than 4.5 in the system of state trade and consumer cooperatives [tsekavshiris]. In these conditions, the population is satisfying its demands in the main through the private sector and the agrarian market. Correspondingly, the volume of goods turnover in this sector in 1994, compared with 1993, increased more than twofold, which, naturally, is a positive phenomenon, but only if it were accessible to all segments of the population. We should not forget that more than 80 percent of the population is living below the poverty line.

The fall in the population's purchasing capacity, along with other objective factors, has also been conditioned by a reduction in the amount of social and cultural services. In particular, there has been a significant drop in the amount of services in the spheres of health protection, sanatoria and health resorts, and culture. In 1994, compared with 1993, there was a big drop in the number of patients who attended private polyclinics and also in the number of hospital beds that were occupied. It is becoming difficult for the poor sections of the population to gain access to medical help.

This year, in accordance with the process of financial stabilization, still modest but nevertheless certain opportunities are being created in order **to strengthen social protection, elaborate a new social policy, and further develop branches in the social sphere.** In particular, 72 trillion coupons have been provided in the 1995 republican budget to implement social protection measures; of this amount, up to 50 trillion coupons will finance the wage increases of workers in the budgetary sphere and 16.8 trillion coupons will go on benefits to refugees. The volume of goods turnover in the republic this year will increase by 8.3 percent.

We should place **demographic and environmental problems** within the particular sphere of social questions. During the last few years, **undesirable demographic trends** have been formed against the background of the extreme political, economic, and social situation.

We should mention **unemployment** separately. Officially, there are 70,000 people registered as unemployed. With the strengthening of market principles and enterprises going bankrupt and into liquidation, the number of unemployed will continue to rise this year.

Proceeding from this, the priority of state policy is to supply enterprises with goods, create new jobs, and promote business. The Cabinet of Ministers should devote a whole complex of special measures to this problem, to the question of unemployment and employment.

This is a serious social problem.

In 1994, 495 facts of environmental pollution and destruction of flora were exposed. The ministry and law enforcement bodies and the public should take more decisive measures **in order to resolve economic problems.**

In order to put the financial system in order, particular attention needs to be given to increasing the efficiency of the taxation system, which is such a decisive factor in improving budgetary policy.

A number of decisions taken by the head of state have been of fundamental importance in the real implementation of a package of laws devoted to the formation of the taxation system and in increasing the efficiency of taxation policy: "On Urgent Measures To Improve the Efficiency of the Taxation Service" (Directive No. 44 of 22 February 1994); "On Comprehensive Measures To Strengthen Taxation Discipline, Regulate Settlements, and Increase Budgetary Incomes" (Edict No. 287 of 1 September 1994), and so forth.

As a result of all this, the efficiency of the activities of the taxation service increased noticeably, if at an inadequate pace. In particular, in the third quarter of 1994, incomes from taxation amounted to 10.6 trillion coupons, which exceeded the plan by 284 billion coupons and incomes for the first half of the year by 5.7 trillion coupons.

At the same time, significant complications were created in the procurement of taxes from the sale of bread and natural gas and, in order to overcome these, serious work is being carried out, although its results are generally modest. Therefore, the corresponding ministries and departments and banks and, in particular, local bodies of power should give the necessary attention to implementing as a matter of urgency Edict No. 413 of 30 December 1994 of the Georgian Head of State "On Measures To Improve the Situation Regarding the Payment Into the Budget of Earnings From the Sale of the Centralized State Resources of Wheat and Flour." This is a matter not only of budgetary incomes but also the republic's international prestige.

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Along with improving the taxation system, specific measures are being implemented **to form the customs service** and improve its activities.

It should be pointed out that the activities of the customs service during the period that has gone by have been unable to meet the demands set, as a result of which the department's managing body has been replaced and, in the near future, the work on producing normative documents and the implementation of measures will be speeded up in order to eradicate organizational shortcomings. The preliminary results for the fourth quarter of last year give hope in this respect.

Taking into account the recommendations of the IMF, reform of the banking system is also being implemented, which is proceeding with particular intensity on the basis of measures outlined in Georgian Head of State Edict No. 253 of 12 August 1994 "On Improving the Banking System in Georgia."

It should be pointed out that, in accordance with head of state edicts aimed at forming a two-tier banking system, the process of transforming state commercial banks (the Savings Bank, the Agroindustrial Bank, the Industrial Bank, the Sakbinsots [not further specified] Bank) into incorporated commercial banks is being speeded up.

The restriction and subsequent halting of credit emission by the National Bank, the transfer of all the Ministry of Finances accounts under the operational management of the National Bank, the abolition of the practice of offering automatic credit through overdrafts, the removal of restrictions on issuing money, and so forth should be viewed as fundamental reformist measures at this stage.

The strengthening of control over the protection of [credit] lines and rates established by the National Bank is extremely important. In particular, control over limits, standards, and rates by the banks have been considerably strengthened.

Discipline regarding accounts has been strengthened. As a result of violations, currency licenses have been confiscated from 28 banks and 46 commercial banks have lost the right to conduct active operations.

Serious shifts have begun in the sphere of money circulation, which, in the final analysis, **should create real conditions for the introduction of a Georgian currency.** In the next few months, in order to carry out monetary reform and successfully bring the national currency—the lari—into circulation, it is necessary, first and foremost, that the exchange rate of the coupon continues to remain stable and that a whole series of comprehensive measures are implemented. At the end of 1994, the IMF allocated credit, the first so-called STF [Systemic Transformation Facility] slice; we will probably receive the second slice in the spring, which will enable us to strengthen further the exchange rate of the coupon and create the base for the introduction of the new currency—the lari.

From this point of view, it is important for the National Bank to conduct an active policy on the currency market—the Tbilisi Interbank Currency Exchange—where trading has been going on twice a week for two months now. As a result, since 20 September, the exchange rate of the coupon to foreign currencies has risen by a factor of more than three.

However, the main question regarding our policy remains as follows: Has this brought about any shift as far as raising the population's standard of living is concerned? The answer to this is as yet unclear. The reason for this is that the strengthening of the coupon has not come about either by the expansion of its sphere of use or the halt in price rises, at least on those goods and services that are purchased in coupons, as the prices of these goods have formally remained the same, which means that **their real price has risen by an amount equal to that by which the coupon has been strengthened.**

Neither the Headquarters for Reform nor the National Bank nor the Cabinet of Ministers have really found a way of emerging from this critical situation.

The situation that has taken shape shows us that, during consultations with international experts, the Cabinet of Ministers, the Ministry of Economy and the Ministry of Finances, the National Bank, and all interested structures and departments probably need to specify certain aspects of the policy of the state regulation of fixed incomes inorder to introduce the necessary corrections, taking into account the real process of the progress of reform in this sphere.

The period of macroeconomic stability cannot be continued indefinitely and, in three to four months time, favorable shifts should have taken shape in the matter of raising the population's standard of living; there should be an increase in the population's incomes and a drop in market prices otherwise the reforms and policy-making will lose all sense.

One of the main lines of economic reform is the transformation of state ownership; the implementation of this program has recently been proceeding at a fairly rapid pace in Georgia. The program embraces approximately 7,000 installations that have been approved by the republic's Cabinet of Ministers. Of these, more than 2,200 (30 percent of the total number of facilities to be privatized) have been privatized up to now and approximately 600 joint-stock companies have been formed.

Taking into account the high level of inflation, the population's lack of funds, and other socioeconomic factors, a new form of privatization was introduced—the direct sale of enterprises to collectives—in accordance with Head of State Edict No. 278 of 29 May 1994 "On Certain Measures To Regulate and Speed Up the Privatization Program." This has significantly speeded up the process of the transformation of ownership.

Up to 1,000 facilities have already been sold by this direct method.

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Speeding up the process of transforming enterprises into joint- stock companies is particularly important. If, in the course of just over a year, up to 50 joint-stock companies were founded and registered, since the adoption of the aforementioned edict, approximately 550 new joint-stock companies have been founded and registered. Several dozen more such companies will be formed in the near future.

Practically all branches of the economy are involved in the process of the transformation of state ownership. Up to 1,500 commercial facilities, 711 consumer services, 138 gas stations, and so forth have been privatized. Joint-stock companies are being created, first and foremost, in industry. More than 180 joint-stock companies have been created within the Ministry of Industry, more than 170 within the Ministry of Agriculture and Food Industry, more than 40 in the construction complex, 30 in the sphere of transport, and so forth. Intensive work is going on in order to implement structural transformations and the concept of privatization within the Bread Products Corporation and within Sakenergo and Sakgaz [Georgian Gas].

The allocation of privatization cards (vouchers) is an important trend in the transformation of ownership. These vouchers have already been printed and are being held in the vaults of the National Bank. Population lists are currently being revised. Up to 20 specialized (voucher) investment funds have been founded and licensed.

The principal characteristic of current economic reform in Georgia is cooperation with international banking, financial, and other economic institutions.

Relations with the IMF and the World Bank are of particularly decisive importance; these have acquired a very effective character following the visit by the Georgian state delegation to their headquarters in Washington.

Since spring, missions from these organizations have been working continuously with the Georgian authorities and government. With their direct participation and in accordance with their recommendations, measures have been prepared with the aim of creating financial stability; they are being implemented to strengthen credit policy, regulate prices, and eradicate the budget deficit.

The basic parameters of the Program of Macroeconomic Stability and Systemic Changes have been coordinated with international economic organizations, which lays the base for receiving systemic transformation, stand-by, rehabilitation, and other loans.

The implementation of this program finally means bringing monthly inflation down to 1 percent and restricting the central bank's financing regarding government operations.

In order to determine the role of the state in the economy and define it anew, the government intends to restructure state systems. The government should carry out in-depth reform of the state sector, which includes: 1. Radical reorganization of the government sector; 2. The speedy transfer of ownership rights to the private sector; 3. Determining the role in the economy of enterprises remaining under state ownership through the introduction of strict budget limitations.

In order to promote the development of the market and create a competitive situation, prices that are still controlled should be liberalized. Legislation is being prepared **to bring into force free market mechanisms and a free trade regime.**

We should speed up the implementation of economic reform and form a civilized market economy.

This is the strategic direction of the activities of central and local power this year.

XIII. Policy in the Sphere of Culture, Education, Science, the Arts, the Press, and Radio and Television.

It is not only problems of material but also spiritual life that are very acute.

As you know, national culture, in its broad understanding, expresses the true essence of the nation and preserves and transfers to posterity those national characteristics of spiritual being that distinguish it from any other. From this point of view, **the state cultural space** is no less in need of protection from hidden or obvious expansion than the state geographical space.

Today, the independent Georgian state, which has a big cultural potential, unfortunately, **has not yet created improved state mechanisms to protect its own culture and cultural space.** In this respect, the Georgian Parliament still has a whole package of laws to adopt and any further delay in dealing with this question does not correspond to the vital interests of the nation. Laws on culture, education, and so forth need to be adopted.

Parliament, the Cabinet of Ministers, and the authorities should determine their priority state interests in the branch of culture. Until we realize exactly what our state and cultural interests are, we cannot outline our cultural space and cannot take steps to protect this space legally, we cannot purposefully allocate the appropriate sums of money, and we will not be able to save culture and the nation from degradation.

Scientists and cultural figures are leaving the country and going abroad. A brain drain is taking place in Georgia. We, as a state, are correspondingly unable to be the masters of our intellectual potential. We do not have sufficient national income.

We need to cooperate more actively with corresponding foreign organizations at this stage in order to attract their resources and capital in a more intensive way. Local incomes and budgets have been given big potential. Those experiments, which take into account granting more extensive rights to the city administrations in

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Tbilisi and Kutaisi, show us that local administrations really do have the means to take upon themselves the function of financing individual cultural centers and unique scientific concepts. In this respect, the actions that have been carried out give us hope. The initiative of the Georgian Railway Department, which has assumed financial responsibility for the Georgian Youth Theater collective and decided to resolve its main financial and material problems, is most welcome.

The benevolent attitude shown by Ajaria and its leadership to the problems of the development of the Georgian theater, cinema, and music is well known.

This experience, like pearls, should be collected, synthesized, and encouraged.

We should effectively develop the "Culture" program. From this point of view, the Parliament Cultural Commission, the Council of Ministers, the Ministry of Culture, and municipal bodies should do more.

National literature, theater, music, cinema, the fine arts, architecture, design, all aspects of spiritual culture, and creative unions and organizations of actors, composers, cinematographers, theatrical figures, and so forth require more attention. Greater energy is required to bring Georgia's cultural achievements onto the international arena.

Unless a protectionist policy is adopted in the **educational sphere,** unless the old system of education is replaced slowly and progressively by **an independent Georgian national system of education,** unless a halt is put to the destruction of what already exists, we will enter the 21st century with a 19th century level of education.

Furthermore, if the Georgian school is destroyed, the Georgian state that is still being built will also be destroyed.

One of the primary concerns of our state should be the creation of minimum educational conditions necessary for teachers and pupils and students and professors.

The state treasury and budget should finance schools, universities, and colleges better.

We should create a three-year "Culture" program that, in accordance with new educational ideas, takes account of putting school buildings in order and the social protection of pupils.

Today, we already have private schools and private institutions of higher educations.

State discipline needs to be established there as a matter of urgency.

A strict system of licenses, diplomas, and accreditation should be devised. All this should come under prudent state control.

We should welcome and promote the opening of higher educational institutions in Georgia by foreigners, but all this should not violate the essence or principles of the Georgian national educational system.

We should solve the problem of the issuing of textbooks and devise a "textbook" program covering many years, which means creating and issuing the necessary number of school textbooks.

Culture and the educational system represent that sphere of state interests where each kopeck invested will be returned to the country with a huge profit.

Up to now, nothing has been done about reorganizing the system of professional education. The material and technical base for professional education that was created over the years is, to all intents and purposes, being destroyed. Pedagogical personnel are being dispersed. One cannot see any real steps being taken to overcome all this.

The Parliament Commission for Science and Education, the Cabinet of Ministers, the Ministry of Education, and municipal bodies should do everything to reform and develop the Georgian national education system. The draft reform of the educational system should be speeded up and presented to the public in the near future.

Georgia's scientific achievements are known throughout the world, but the lack of funds, the thoughtless and artificial severing of ties, the sharp reduction in state orders, and the ethnic conflicts recently have not only **put a halt to the development of Georgian science** but also threatened its existence.

The head of state's **Edict on the Georgian National Academy of Sciences** is precisely aimed at saving Georgia's scientific personnel. Work should continue in this direction.

A similar edict is being prepared with the aim of helping so- called non-departmental scientific centers and putting the great scientific potential in this sphere to better use. Of course, these documents cannot provide the answers to all painful questions, but much can be done, notwithstanding our limited resources.

I view as important the opening of scientific academy centers in Ajaria and Telavi and it is planned to open such centers in other places in the near future: in Zugdidi, Akhaltsikhe, and Rustavi.

We should help branch academies, universities, colleges, all educational institutions, and all national scientific centers.

The "Science," "Contemporary Technology," and other programs should be implemented in a better way.

The Committee for Science and Technology has drawn up a list of promising scientific research work that has been completed during the last few years and whose implementation is expedient for production. We need to interest foreign investors in this scientific research and these projects and ideas.

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Great importance is being attached to relations with international organizations. Businesslike relations have been established with the EU, which has resulted in the draft on "Georgian energy policy" provided for in the "Tasis" program from the beginning of 1994 and with the participation of a group of highly qualified power engineering experts from the "Seed-Kantor" [name as transliterated] consortium and Georgia.

It is worth mentioning the scientific and technological program for emerging from the crisis situation in the Black Sea that was presented to the Republic of Georgia Cabinet of Ministers for discussion. Alongside this, a comprehensive scientific and technological program for the ecologically safe extraction and development of Black Sea mineral and biological resources is being devised.

In 1993-94, the committee coordinated Georgia's participation in a number of programs proposed by the EU. The aim of these programs is to finance joint scientific research programs with different European countries. Georgia has become a member of the World Intellectual Property Organization and the UN European Economic Commission.

In view of all this, the Committee for Science and Technology and the Academy of Sciences need the serious support of Parliament and the Cabinet of Ministers, in particular, in the matter of financing state sector programs, the allocation of credits by the World Bank for Reconstruction and Development and the EBRD and the IMF, and the attraction and realization of local or foreign investment.

Printing and publishing in the republic needs to be looked at anew. According to official figures on the print run of books and magazines and newspapers in 1994, we have reached only 25 percent of the 1989 level.

Literature and science are in a difficult situation today.

Unfortunately, artists, writers, and scientists are starving.

It might be expedient for us to think about creating an aid fund for scientists and cultural figures in which I am sure those international organizations that are connected with humanitarian aid problems would participate.

Today, readers can no longer get hold of books. The situation is serious in museums.

The democratic Georgian press, radio, television, mass media, and world information service deserve particular attention. It is not by chance that they are called "the fourth estate." They represent a powerful spiritual and cultural weapon for introducing the free ideas and views of politics, public opinion, ideology in its positive sense (the ideology of a democratic society), a pluralistic open civic society, rule-of-law state, and the period of market economy and a means of educating free individuals and free-thinking masses and forming their civilized world outlook. Today, there exists de jure and de facto a free press, radio, and television in Georgia.

This is a great achievement. The state should continue to help them in every way: morally, legally, and materially. A civilized society is unimaginable without a free press.

It is necessary that the Parliamentary Commission for Education and Science, the Cultural Commission, the Cabinet of Ministers, the Ministry of Culture, local bodies of administration, businessmen, bankers, the Committee for the Salvation of Georgian Culture, international and national funds, patrons, sponsors, and the broad public, by their joint efforts, save and promote the development of Georgian culture, science, literature and the arts, press, radio, and television.

The improvement of **the health protection system** is a multilateral social, economic, and political problem. The consequences of the crisis that the health protection system is experiencing will affect future generations.

Last March, the conceptual bases of the reorganization of health protection were formed and presented to Parliament. As a result of joint work carried out by Georgian and foreign experts at this stage, a multistage program for the reorganization of the sector has been created.

The head of state has issued an edict on ensuring the implementation of work covering the first stage of the reorganization of the health protection system.

Work is now being completed on creating regional administrative health protection centers. The accreditation and issuing of licenses to medical establishments and their transfer to the principles of economic accountability are beginning; a draft state program for the privatization of medical establishments is being elaborated. The Ministry for Health Protection is setting a good example in questions concerning systemic reforms and transformations.

However, no matter on what scale and at what pace medical reform should develop, one demand will be essential: Medical care should remain accessible to those groups that are socially unprotected. This is our task.

Parliament, the Commission for Health Protection, the Cabinet of Ministers, the Ministry for Health Protection, local and municipal bodies, and the state and private sectors of the economy should do everything to create a modern and civilized system of health protection in Georgia and efficiently implement the "Health," "Insured Medicine," and other state programs.

Georgia is a country recognized throughout the world for its resorts, tourism, and sports. We need to carry out effectively the "Resorts," "Tourism," "Sport," and other state programs and invite foreign investors.

Parliament, the Commission for Sport and Tourism, the Cabinet of Ministers, the Department of Sport, the

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Tourist Department, local and regional bodies of administration, and state and private business should do everything to develop resorts of international and local importance, tourism, and sport.

XIV. Foreign Policy

1. [number as published] Basic Programs of Foreign Economic Activities

Foreign economic activities should be undertaken more intensively in the following three basic directions:

First. We need to conduct an active investment policy (the preparation of branch investment projects, the search for foreign investors, the effective use of investment funds, the regulation of investment and the protection of state interests in this sphere). Our work in this direction is weak at the moment.

Second. It is essential to develop efficient foreign trade. I have in mind the creation of an export-import information system, the study of the world market situation and prices and the preparation of expert recommendations for the republic's commercial and industrial organizations, a quantitative and qualitative improvement in Georgia's domestic market, export-import balance and its analysis, export-import regulation and control, the protection of international rules governing foreign trade, the ability to influence rapidly and effectively commercial and economic relations, and so forth.

Third. It is a matter of urgency to develop and deepen relations with international organizations and foreign countries and to coordinate and use effectively the technical, human, and financial aid allocated by donor countries and organizations.

It is essential to broaden and deepen to the maximum degree economic, commercial, scientific and technical, and other types of relations with foreign countries.

All these spheres of activities should be directly aimed at promoting and developing the private sector.

The Council of CIS Foreign and Economic Departments has already been created. It has been entrusted with major functions in the matter of deepening and coordinating foreign relations in CIS states. We need to have effective relations with this Council.

The Republic of Georgia Committee for Foreign Economic Relations conducts and coordinates foreign economic activities and implements a single foreign economic policy. It is visibly engaged in coordinating projects and investments, foreign trade, relations with international organizations, and the work of legal and foreign and economic representations. The Department for Foreign Economic Relations With CIS-Member States functions as one of its structured units.

The Committee is the Georgian Government's official agent in the EU.

Georgia has commercial and economic representations in 24 countries. We believe that, once the corresponding legal base has been formed, this institution can fulfill a very important role from the point of view of attracting both foreign trade and foreign investment.

The establishment of ties with international economic and regional organizations and broadening cooperation with them represents one of the main tasks today. The first government agreement (on trade in textiles) has been signed between Georgia and the 12 EU-member states. A comprehensive agreement is being prepared on partnership and cooperation between the EU-member states and Georgia, which will be signed in the near future. Broad relations are being established with the EBRD. Active work is being carried out with economic organizations subordinate to the UN in the direction of extending and deepening cooperation.

In accordance with Head of State Decree No. 262 of 18 December 1993, a program for overcoming the crisis and stabilization—"Foreign Policy: Economic Aspects"—has been devised by the Committee for Foreign Economic Relations; it has been approved by the republic's Cabinet of Ministers and various ministries. It is necessary that this program be implemented without fail.

Joint work has been completed and the so-called **"European Bank strategy for Georgia"** was approved in August last year at the council of directors of the EBRD. Work with the World Bank has proved very productive.

A joint Turkish-Georgian company has been formed made up of leading Georgian production and commercial companies and the biggest entrepreneurs and commercial firms from Trebizond, Rize, and Samsun.

We regard the following as priority directions in the sphere of investment cooperation with foreign countries: energy provision, satisfying the population's food needs, the liquidation of "bottlenecks" in transport and communications, an increase in the manufacture of exports, and so forth.

The implementation of the projects in the power branch involving the reequipping of the Tbilisi, Enguri, and Rioni hydroelectric power stations and the allocation of credit from the EBRD will be very effective for us. We should work efficiently in this direction.

A program for the development of Georgian power is being devised within the European Commission technical aid program with the participation of French and Georgian specialists.

German and Chinese state credits are being directed toward the development of the republic's agroindustrial complex. A credit of 30 million German marks from the FRG will be used entirely in the private sector of agriculture and the food industry.

In accordance with the treaty concluded between the governments of the Republic of Georgia and the People's

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Republic of China, a contract agreement has been signed on the purchase of Chinese "Sintai-180" [name as transliterated] miniature tractors. The Chinese Foreign Trade Company has already started to supply the republic with these mini-tractors.

Preliminary negotiations are currently in progress with the People's Republic of China on the acquisition of the corresponding equipment for small hydro-electric power stations. Chinese- manufactured blocs of various capacities are being offered. We have planned to discuss with the European Bank [as published] the question of financing a project to construct small hydro-electric power stations in one experimental region (Kakheti).

In order to secure direct investment, agreements have been concluded between "Saknaftobi" [Georgian Petroleum] and the firms "T.P. Kenny" from England and "Crawford" from Australia and also between the Rustavi metallurgical factory and the Turkish firm "Sotur" [name as transliterated] on constructing a slag-processing complex.

In order to obtain help in the search for foreign partners, cooperation is under way with the U.S. Commerce Department Commercial Information Service, the FRG Foreign Trade Information Bureau, the Turkish Board for Foreign Economic Ties, the representation of Deutsche Bank in Georgia, and so forth. Along with the last of these, we are working on the question of creating new capacities for the production of metallic manganese and potassium permanganate, the allocation of credit resources necessary for conveyor-belts at the bottle factory in Khashuri, and so forth.

Experts from the EU technical aid service have set about devising the Europe-Caucasus-Asia transit corridor regional program, in which specialists from our republic are also participating. The program consists of 23 projects to develop commercial, sea, and rail routes and highways and other communication links. An amount totalling 4.7 million ECU has already been allocated for five projects in the first stage.

In parallel with these projects, questions concerning the search for the foreign sources of capital necessary to implement them and arousing the interest of investors have been brought to the fore.

The first practical step in this direction has already been taken. In April of last year, at the annual session of the EBRD held in St. Petersburg, technical and economic arguments in favor of reconstructing the port of Poti were discussed, as well as the question of the allocation of the corresponding credits to implement this. Experts from the bank have set about studying this question in detail.

With assistance from foreign specialists and the Committee for Foreign Economic Relations, the "Saknakhshiri" [Georgian Coal] Department is currently preparing the technical and economic arguments in favor of constructing a thermal power station of 200 megawatts running on coal, with the aim of rationally utilizing Tqibuli coal and Chiatura manganese ore.

The problem of processing Madneuli gold from quartzites is very topical. In this connection, negotiations have been conducted with the Australian firm "Crawford" and an agreement has been signed on the creation of a joint enterprise.

Such priority facilities and directions as the reconstruction of Tbilisi airport, the construction of oil and natural gas pipelines across the republic, the development of Georgia's navy, and so forth are important from the point of view of the rational use of foreign investment. The Cabinet of Ministers, the Committee for Foreign Economic Relations, and interested departments should pay these issues particular attention.

Turkish credit to the value of $50 million has been distributed and projects have been examined. Within this credit, projects on reconstructing and expanding radio and telephone communications, making the Rustavi cement works ecologically safe, bottling drinking water, and so forth are being implemented.

More control over the implementation of resolutions is necessary.

The attraction of foreign investment and its use should be aimed at financing the corresponding priority programs for the republic's economic development. We believe that the Committee for Foreign Economic Relations acted correctly when, together with the Ministry of Economics, it devised these priority directions and programs. They have been approved by the republic's Cabinet of Ministers.

In order to attract foreign investment to the republic and strengthen investment activities and form a single strategy, the Cabinet of Ministers has passed a resolution "On additional measures to attract and use foreign investment." It needs to be implemented more efficiently.

In accordance with a Cabinet of Ministers resolution, the priority directions of the republic's economic development have been approved, as has a list of priority investment projects.

It is necessary to work out the corresponding bills and legislative acts in the investment sphere, establish strict control over the purposeful distribution of foreign credits that have been allocated to Georgia, the procurement of goods, the supply of goods in accordance with specific agreements, and so forth.

Of the credits and humanitarian aid that have been received, it is particularly worth noting:

First. An EU credit of 70 million ECU was allocated in 1992. Georgia received: Two hundred metric tons of wheat, 4,200 metric tons of beef, 45,000 metric tons of sugar, 111,000 metric tons of flour, 300 metric tons of

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yeast, 3,000 metric tons of margarine, 6.2 million liters of sunflower oil, 3,500 metric tons of powdered milk, medicines worth $2.4 million, and so forth.

Second. An EU credit of 10 million ECU (1993): 85,000 metric tons of wheat, 100 metric tons of yeast, and medicines worth $350,000.

Third. An EU credit of 40 million ECU (1993): 210 metric tons of wheat, 60,000 metric tons of flour, 300 metric tons of yeast.

A few words about humanitarian aid: In 1993, we received 405,000 metric tons of wheat from the United States, 20,000 metric tons of flour and 20,000 metric tons of sugar from Germany, and 5,000 metric tons of kerosene from Japan. In 1994, we received 100,000 metric tons of wheat from the United States, and so forth. The aid that Georgia receives from the United States is of particular importance; the annual value of this aid amounts to $100 million. We should expect this aid to continue in the future. At the same time, we should bear in mind that aid both from the United States and other countries will be directed more toward development; the quantity of humanitarian aid will gradually decrease and their participation in development will increase. Unfortunately, humanitarian aid often fails to reach those groups for whom it has been targeted. In order to overcome the existing shortcomings regarding this type of aid, a single republican system has been created. We have accumulated a certain amount of experience. It is now wholly realistic that complete order will be established in this sphere, which is extremely important for our people.

The export-import service has to be radically improved. Production should be oriented not only toward satisfying our own market but also to the standards of the foreign market. We should study the art of emerging onto world and regional markets and establishing ourselves there. We should release competitive goods onto the world market and study world and regional market forces better.

The state regulation of Georgian exports and imports should be carried out in a better way: by licensing exports and imports.

The Cabinet of Ministers, Parliament, and the head of state should ensure that the activities of the Ministry of Foreign Affairs, the Committee for Foreign Economic Relations, and the Ministry of Trade and Material Resources are coordinated in a correct, rational, and perfect way and, if necessary, are sensibly restructured.

The Ministry of Foreign Affairs, along with the Committee for Foreign Economic Relations, is actively participating in foreign economic relations.

Over the last two years, on the initiative of the Ministry of Foreign Affairs, a total of 757 international documents have been signed, including 21 with Ukraine, 25 with Azerbaijan, nine with Germany, four with Poland, 11 with Turkey, 23 with Turkmenistan, 29 with China, 22 with Kazakhstan, four with Great Britain, five with the United States, 18 with Iran, 37 with Russia, 22 with Armenia, two with Spain, and so forth. The majority of the agreements—151—concern economic questions and embrace commercial and economic, transport, banking, customs, investment, and other spheres.

The Committee for Foreign Economic Relations has submitted to Parliament for approval a bill "On the Protection of Foreign Investments" and a bill "On Avoiding Double Taxation" is being prepared. Both documents take full account of international experience in these sectors and it is to be supposed that the passing of these laws will give a powerful impetus both to the growth of foreign investment and to the revival of the commercial and economic sector.

In addition to an intensification of bilateral relations, work is proceeding on integration into international economic and social organizations. Today, Georgia is a member of many international economic and social organizations, including the IMF, the World Bank group (the International Bank for Reconstruction and Development, the International Development Association, and many international investment agencies), the UN Industrial Development Organization, the UN Conference on Trade and Development, the Universal Postal Union, the International Civil Aviation Organization, the International Maritime Organization, the International Telecommunication Union, and so forth. We have submitted the appropriate documents and have been given observer status in such prestigious international organizations as GATT and the UN Food and Agriculture Organization (FAO), and so forth.

Georgia's membership of various economic organizations is continuing.

We believe that **Georgia's acquisition of the status of a developing country**, which means it will receive more effective aid, is an important factor in emerging from the economic crisis.

Active participation in the Black Sea Economic Cooperation Organization (BISEC) should become a powerful instrument enabling Georgia to become involved in the world economic system. Much has been said about this subject, particularly at the meeting in Tbilisi of the foreign ministers of the member states.

On the proposal of the Georgian Ministry of Foreign Affairs (proceeding from our serious power crisis), BISEC's structure has been increased by one working group, which will work on problems of cooperation in the power branch. The Tbilisi meeting proved to be highly constructive as the member states finally signed an agreement on the creation of the BISEC bank.

The Ministry of Foreign Affairs is making its own important contribution to foreign economic relations and this is understandable as foreign economic and

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cultural relations greatly depend upon diplomatic successes and cooperation with world and international political, social, and economic organizations.

XV. Foreign Policy. Basic Diplomatic Aspects.

The Republic of Georgia has today been recognized by practically every country in the world. Bilateral diplomatic relations have been established with 90 countries. Work is continuing on establishing relations with the remaining countries in accordance with our interests.

A legislative base has been created with 22 states for the development of bilateral state relations in various sectors.

Parliament, the Cabinet of Ministers, the head of state, and the Ministry of Foreign Affairs are determining and implementing foreign policy priorities and the concept of foreign policy.

The long-term or short-term interests and political course of neighboring big states or military-political groupings have always had a big influence on Georgia's domestic and foreign policy and will continue to have in the future.

Georgia's geopolitical situation—it is, to a certain extent, a "bridge" between the "west and east" and "north and south"—remains unchanged and, therefore, in the future, during the devising or implementation of foreign policy priorities and policy, account should be taken of the realities that have been formed over the centuries and that exist today.

Proceeding from this, Georgia's foreign policy should be balanced to the maximum and account should be taken of those factors that, taken together, determine its geopolitical situation.

I want you to understand me correctly: The concept of "being balanced" means that Georgia, like almost all the former Soviet states, including Russia, is striving toward integration into European structures. This is our strategic aim. This is one thing. On the other hand, this process should be implemented carefully and the balance in relations with our neighbors should not be upset, taking into account those differentiated approaches that are conditioned by the geopolitical situation and importance of our neighbors in the system of international relations.

At the same time, one also has to take into account that the West is not yet ready to recognize Georgia as an equal partner and ally.

I repeat that this is a phenomenon characteristic of all the former Soviet states.

As such, in parallel to the strategic orientation toward the West, it is essential to develop actively multilateral equal relations with the CIS, first and foremost, with our direct neighbors—Russia, Ukraine, Armenia, Azerbaijan, and the central Asian republics. As Russia will, in the future, preserve its status as one of the geopolitical "centers of power," it will be in Georgia's interests if it manages to succeed in balancing relations and combining its interests with Russia. I suppose that Russia's integration into European processes will occur more quickly than many think; the point is that it is in the vital interests of both Europe and Russia that those barriers that arose as a result of the formation of Europe and the whole world into two opposing camps be dismantled as quickly as possible. This will speed up general progress and create a better environment for Russia's stabilization and its development along the path of democracy. The building of new relations with Russia is one of the principal concerns of the present and future generations. Making use of historical experience and taking into account new realities form the basis of present and future ties between Russia and Georgia.

Georgia's membership of the CIS, as the world press wrote, took place practically "in accordance with major world politics." The U.S. Administration at the time and the world's leading states themselves positively assessed this action as, on the one hand, it did not pose a threat to our independence and democracy and, on the other hand, it was wholly acceptable to all the world's countries, proceeding from their national and geopolitical interests, and to Georgia.

A new ambassador to the Russian Federation has been appointed, namely Batoni [Georgian polite form of address] Vazha Lortkipanidze, who can play an important role in the development of Russian-Georgian relations at the present stage.

Newly appointed Deputy Prime Minister Bakur Gulua is responsible for the development of economic relations with the CIS countries. It is our hope that an effective and realistic policy will be conducted in respect of the CIS states.

Our relations with Ukraine give us great hope; moreover, the very name "major treaty" emphasizes the special nature of these ties.

President Kuchma's extremely profitable visit confirmed the great, though as yet unused, potential for cooperation between the two countries.

An active regional policy should undoubtedly remain a foreign policy priority for Georgia in such a situation. Only by conducting an active regional policy can a country become involved in "major politics."

In our view, the development of bilateral relations with the world's leading countries and also with countries in the Near East is acquiring great importance. We have in mind close economic and cultural and scientific ties with our very close neighbor Turkey; this cooperation is distinguished by neighborly warmth and mutual understanding.

Much has similarly been done to develop economic and other ties with Iran, China, and the Arab world. Our

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special relations with Germany, France, the Netherlands, and almost all European countries are acquiring great importance. I am full of hope regarding my forthcoming visit to England; relations between Georgia and Israel have great potential.

It is our belief that the future development of our ties with the still "unopened" spaces in Latin America, Africa, Asia, and Australia and Oceania has similarly good prospects.

The Republic of Georgia's foreign policy concept and diplomatic and economic aspects of foreign policy require further improvement. This concept has its own permanent and changing strategic and tactical parameters. The universe and world politics are changing dynamically. The corresponding adjustments need to be made to Georgia's foreign policy concept and the documents proceeding from this.

Each day, the attention of the Cabinet of Ministers, the Ministry of Foreign Affairs, the Committee for Foreign Economic Relations, the Ministry of Economics, the Ministry of Finances, and the National Bank should be focused on the Republic of Georgia's relations with international political, economic, and financial organizations and the prospects for their development.

Georgia's needs to intensify further its cooperation in the alliance of Black Sea countries.

The question of political and economic cooperation between Georgia and the Mediterranean countries is extremely topical and promising.

It should be pointed out that we are still unable to make full use of the possibilities that exist in reality for cooperation with our very close and friendly and fraternal states, Azerbaijan and Armenia. The period of conflict has ended and cooperation between the three Transcaucasian states has entered a new stage of development.

It is essential for Georgia to become more active as far as its policy in the north Caucasus region is concerned. Of course, against the background of the further deepening of cooperation and mutual understanding between Russia and Georgia, the idea of a "Caucasian dialogue" has not died; it needs to be revived. This is precisely how I perceived the recent speech delivered by North Ossetian President Galazov. It is essential to have separate good- neighborly relations with the peoples and states in this region; spheres of relations need to be defined. More concrete action is necessary. We should take better account of the results of the events taking place in Chechnya. Regarding these events, we have taken a position that is realistic and promising, taking into account the current and future interests of both Georgia and the whole region.

Georgia's foreign economic priorities have been detailed in the UN. Georgia's aims and ways of achieving them are being formulated in the UN, as is a program of work with the missions of various countries.

We should increase the role and practical importance of official state visits in order to develop further Georgia's relations with specific states.

In order to strengthen Georgia's complete sovereignty, active participation in the activities of international organizations is assigned a very big role, as it is precisely they who determine the system of contemporary international relations through traditional structures that have already been formed.

I have already spoken about our inclusion in international organizations in the economic and social sphere. I will now briefly touch upon Georgia's participation in international organizations that bear a political character.

In this respect, serious steps have already been taken. We have become members of the UN and its specific organizations and the EU [as published] and North Atlantic Cooperation Council, which gives us real possibilities to protect our country's interests better.

The 10 resolutions made by the UN Security Council on the Abkhazian conflict is testimony to the work of Parliament, the head of state, the Cabinet of Ministers, the Ministry of Foreign Affairs, and our permanent representative in the UN.

At the historic forum in Budapest, all 53 participating states condemned the action of the leader of the Abkhazian separatists, namely the declaration of so-called "Abkhazia's independence" and expressed their support for Georgia's territorial integrity and the inviolability of its borders.

I would like to thank them on behalf of the Georgian Government and people.

Nevertheless, one can and probably needs to speak about the necessity of the UN and other international organizations taking more effective practical steps not only regarding the Abkhazian conflict but also other ethnic and political conflicts. However, practice shows us that the UN is never able to take such effective steps that bring quick results.

In spite of the declarative nature of the UN's support, we believe that it has great political importance and, in the final analysis, will play a decisive role in resolving the Abkhazian conflict in a desirable way.

However, we will add here that many things will depend again and again on Russia's position, which, against the background of the war in Chechnya and the participation of Abkhazian military formations on the Chechen side, should be clearly in our favor.

Wholly unfamiliar but hopeful prospects have appeared for us recently with the creation of the North Atlantic Cooperation Council, which has assumed the functions of guaranteeing the aspiration toward democracy in

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Europe, the preservation of statehood, and stability in close alliance with the newly formed states.

In March of last year, we signed the fundamental document of the NATO "Partnership for Peace" program, the so-called presentation document. Once the work has been completed, a program for bilateral cooperation between NATO and Georgia will be signed.

We have businesslike contacts with the EU and its individual structures and the European Council and European Parliament. The protection of our republic's priority economic interests is already becoming a reality through permanent contacts with the European Commission.

There are 11 foreign embassies and up to 40 representations of international organizations functioning in Georgia today. Georgia has opened embassies in nine states; our embassies in France and the United States embrace several countries. Georgia has permanent representations in the UN and at international organizations located in Vienna.

Georgia has opened consulates in Moscow, Kiev, Almaty, Vienna, Brussels, Bonn, Trebizond, Ankara, Washington, and Paris. It has concluded consular conventions with Turkey, Greece, Russia, China, and Cyprus.

Work is in progress on preparing conventions with Germany, Austria, Ukraine, Poland, Moldova, Morocco, and many other countries.

UNESCO's Georgian National Commission is carrying out important work. As a result of its activities, UNESCO will finance eight projects in Georgia in the ecological, power, educational, and sports sectors and has signed a contract on information development. Georgia's historical and architectural monuments—the Mtskheta complex and the Gelati and Bagrati Cathedrals—have been included in the list of world treasures.

The main thing today is that Parliament and the Cabinet of Ministers do not permit the separation of foreign and domestic policy as they are two parts of one whole. Their organic internal logical wholeness and unity are the guarantee of their success.

These then are, in the main and in short, the principal aspects of our domestic and foreign policy, the key issues and tasks that we have to resolve.

The year 1995 is a historic year from the point of view of reforms, presidential and parliamentary democratic elections, and the adoption of a new constitution. It will be viewed as an important stage in Georgia's recent history.

I wish you success in your activities for the good of the nation and the motherland!

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Estonia

Border Crossing Commission Set Up With Russia

LD1503111495 Tallinn Radio Tallinn Network in Estonian 0700 GMT 15 Mar 95

[FBIS Translated Text] Colonel General Andrey Nikolayev, Russian border troops' commander, will end his working visit to Estonia today. During his visit, a joint commission was set up to deal with the drafting of a simplified border crossing procedure for the residents of areas close to the border. Cooperation between the two countries on Lake Peipus and joint sea rescue work was discussed. Andrey Nikolayev had a meeting with Tarmo Kouts, the Border Guard Department's director general; its Chief of Staff Aare Evisalu; Edgar Aaro, head of the service section; and other officials.

Oil Terminal Construction Gets 'Go-Ahead'

WS1503114595 Tallinn BNS in English 1828 GMT 13 Mar 95

[FBIS Transcribed Text] Tallinn, Mar 13, BNS—The state-owned Port of Tallinn company gave the go-ahead to the Esoil firm's plan to build a new oil terminal at the Port of Muuga east of Tallinn, Esoil Chairman Oleg Panflov told BNS.

The national port company endorsed the project on condition Esoil comes up with a credit of four million U.S. dollars for the Muuga port to bring a quay into line with requirements an oil terminal is to meet. Esoil expects to solve the problem of financing within a week, Panfilov said. The company plans to finish reconstruction of the quay in six months, after which it will be able to use the loan provided by its American partner, Coastal Corp., to proceed with the construction of the terminal, the Esoil chairman added.

Panfilov said in an earlier interview with BNS that after the port company approved the project it would have to undergo an environmental expertise.

The American loan is to be used to build a pipeline from the nearby Maardu oil depot to the Muuga terminal and technical infrastructure at the terminal, Panfilov said.

Panfilov was confident the investment would pay off in a very short time due to the 1.5 million ton annual operation planned by Coastal.

Lithuania

Slezevicius on Meeting With Vice President Gore

LD1403183995 Vilnius Radio Vilnius Network in Lithuanian 1700 GMT 14 Mar 95

[FBIS Translated Excerpt] [Announcer] As already reported, a delegation led by Prime Minister Adolfas Slezevicius visited Tallinn. Meetings with the prime ministers of Latvia and Estonia and U.S. Vice President Al Gore took place.

Adolfas Slezevicius and Kazys Bobelis, chairman of the Seimas Foreign Affairs Committee, held a news conference today.

[Vincenta Dapkiene] Prime Minister Adolfas Slezevicius, assessing the results of the meetings, stated:

[Begin Slezevicius recording] It was a very significant and very important meeting. The stance of the U.S. Administration on a very important issue—the strategy of NATO expansion—was very clearly stated. Mr. Gore said there was no list of the states; there were no secret lists. The strategy of NATO expansion was a process and a decision regarding any state would be adopted individually. It was stressed that in the expansion of NATO in the future, a great significance would be attached to the implementation of the Partnership for Peace Program. [passage omitted] It was also stressed that this process would be very closely connected with our cooperation in regional security, including cooperation with the Scandinavian countries. [passage indistinct] [end recording]

[Dapkiene] Interest charged by the commercial banks, and the administration of taxation were dealt with at the news conference. The prime minister also said the state would never strive for control over mass information media.

Slezevicius, Gore Agree on Russian Matters

LD1403144395 Moscow ITAR-TASS in English 1413 GMT 14 Mar 95

[By ITAR-TASS correspondent Valadas Burbulis]

[FBIS Transcribed Text] Vilnius March 14 TASS—Lithuanian Prime Minister Adolfas Slezevicius spoke at a news conference here today after returning from Estonia last night where he attended a Monday [13 March] meeting of Baltic prime ministers with U.S. Vice President Albert Gore.

Slezevicius said Gore repeatedly stressed that the Baltic states should get along well with Russia, Belarus and Poland.

The Lithuanian premier cited Gore as saying that the stability in Russia and the development of its democratic and economic reforms is a guarantee of security and cooperation in the region. "We totally agree," Slezevicius said.

MP on Possible Defense Assistance From U.S.

WS1503111595 Tallinn BNS in English 1828 GMT 13 Mar 95

[FBIS Transcribed Text] Vilnius, Mar 13, BNS—Lithuanian defense could receive assistance worth several dozen million dollars from the United States, but the

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Congress must be "pressured" to allocate money for the purpose in the 1996 budget, a Lithuanian MP said Monday [13 March].

Algirdas Gricius, vice chairman of the parliament's Foreign Affairs Committee, told reporters he was informed about such possibilities by a U.S. Defense Department official in charge of relations with the Baltic states. Lithuania would be able to purchase high-speed patrolboats, anti-tank and Stinger missiles, Gricius said. The weapons would be sold by U.S. troops withdrawing from Europe. "Lithuania should seize the opportunity," the lawmaker noted.

Gricius, who heads the Lithuanian delegation to the Parliamentary Assembly of the Western European Union, visited the United States and Canada earlier this month together with members of the WEU Political Committee.

The Lithuanian lawmaker said it was noted at meetings in the United States that "to admit countries to NATO in packages is irresponsible." Nations, not their groups, are looked at, Gricius noted. For this and some other reasons, he said, Lithuania should associate its possible membership in the alliance not with the Baltics but with Poland.

In his opinion, key decisions on the issue are to be made during the 1996 conference of European Union leaders.

Gricius also expressed concern about Russia's statement that it will not oppose the admission of the former Warsaw Pact nations to NATO. He said the statement was "very threatening" and indicated that Russia will do everything possible to maintain its hold of the Baltics.

Government Approves Two Lists of Trading Partners

AU1503095595 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 11 Mar 95 p 1

[Unattributed report: "The Lithuanian Government Has Approved a List of Countries Enjoying Tax Benefits"]

[FBIS Translated Text] The list of 20 countries with which Lithuania has signed agreements on most-favored conditions in trade includes Ukraine. Other countries on the list include Russia, the United States, Canada, China, Poland, Belarus, and some other East European countries. Another list includes 20 countries with which Lithuania has concluded free-trade agreements. These are EU states and Baltic countries. People in Lithuania are asking themselves whether Ukraine will join the second list after the visit to Kiev by President Brazauskas. At any rate, in Vilnius, there is an growing willingness to bring closer together the interests of Lithuania and Ukraine.

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